FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

Cubans in front line—Ethiopia

Ethiopia yesterday admitted for the first time that Cubans were helping to man its front lines in the Horn of Africa war.

Lt.-Col. Mengistu Haile-Mariam, the Ethiopian leader, told a rally in Addis Ababa: "The Cubans, renowned for shedding their blood anywhere and at any time for a just struggle and cause, are racing themselves with the Ethiopian People's Army at the front line."

In Mogadishu, Somali guerilla leaders said that Cuban troops had already joined Ethiopians in parachute drops behind Somali lines in the Ogaden fighting. Cuba's economy, Page 4

In Washington, President Carter said the U.S. planned to supply Kenya with a squadron of F-5 fighter aircraft in view of Soviet arms shipments to other African countries.

Body of Charlie Chaplin stolen

Charlie Chaplin's body has disappeared from his grave in a cemetery overlooking Lake Geneva near the village where he spent his last 25 years. "The grave is empty, the coffin has gone," police said. Chaplin died on Christmas Day, aged 88.

Man stabbed at Front social

One man was stabbed and two others suffered face cuts when a National Front pre-Ilford North by-election social evening and dance broke up in fighting at an Acton, West London, public house early yesterday. The National Front said gatecrashers had drawn knives.

Ulster troops

An extra Army battalion is to be put on long-term duty—18 months—in Ulster from September. The object is to increase the number of experienced troops because four-month tours have been criticised as being too short. In Londonderry, army and police searched the Provisional Sinn Fein's Bogside headquarters. In Belfast, the La Mon restaurant blaze disaster fund reached £50,000.

Skyjack fails

A man had an arm ripped off when a grenade exploded in his hand while he was trying to skyjack a Pakistani Boeing 747 jumbo about 15 minutes after it had left Islamabad for Karachi. The passenger was critically injured and two others were hurt.

Czech in space

A Czechoslovak cosmonaut, Capt. Vladimir Remek, 29, sent into orbit in Soyuz-28 with Col. Alexei Gubarev, a Soviet space veteran, became the first man in space not to come from the U.S. or the Soviet Union.

Nicosia trial

Two Arabs accused of killing Mr. Youssef Sibai, editor-in-chief of the Cairo newspaper, Al-Ahram, were sent for trial in Nicosia on charges of premeditated murder.

Briefly . . .

Paul Scott, the novelist, winner of last year's £5,000 Booker Prize, has died in London. He was 57. Obituary, Page 17

Berkshire County Council ordered a full investigation of the circumstances surrounding the death of eight-year-old runaway Lester Chapman.

Skateboarding should be banned in public places, the Royal Society for the Prevention of Accidents, has told Mr. William Rodgers, Transport Secretary.

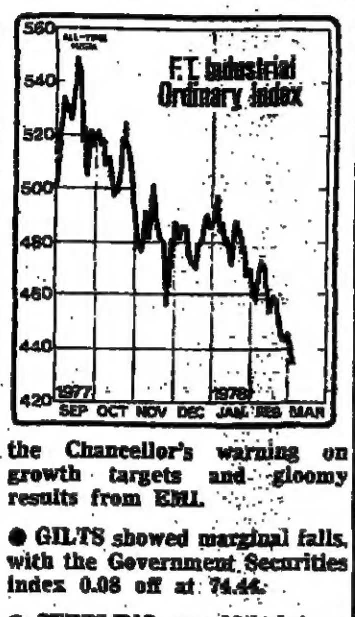
Mr. Leo Grunhut, the diamond dealer gunned down by three men outside his Golders Green, London, home on Tuesday, regained consciousness and told police his stolen briefcase held gems worth £250,000.

Soccer: FA Cup 5th round replay. Nottingham Forest 3, QPR 1.

BUSINESS

Equities fall 10.4; Gilts steadier

● EQUITIES fell to their lowest point since July, with a fall of 10.4 to 433.4, following



the Chancellor's warning on growth targets and gloomy results from EMI.

● GILTS showed marginal falls, with the Government Securities index 0.08 off at 74.44.

● STERLING rose 20 points to $1.9415 in highly volatile exchange markets. Its trade-weighted index remained unchanged at 65.1. The dollar's depreciation widened to 5.58 per cent. (5.54).

● GOLD rose $1¼ to $184¼.

● WALL STREET closed 3.12 up at 746.45.

● SAUDI ARABIA is expected to be given a seat on the IMF Board later this year. Back Page

● U.S. DEFENCE Department will decide shortly between four consortia, three of which include British companies, for a development contract for military radios estimated to be worth over $1bn. Page 18

Plans for City watchdog

● PLANS for the City's new voluntary supervisory body, the Council for the Securities Industry, have been sent by the Bank of England to City associations for consultation. Back Page

● U.K. STEEL industry is investing more than any other Community nation in new steel plant, according to EEC figures. Page 6

● THE ROW between Government and industry over the use of contracts to enforce compliance with pay policy is likely to result in a meeting next week between the Prime Minister and the CBI, at which the Confederation may threaten to issue their own contract clauses. Back Page.

The CBI has urged the Chancellor to make £3.8bn. cuts in income tax in his Budget to stimulate growth incentives. Page 6

● BUILDING SOCIETY leaders have been asked by the Government to reduce monthly lending quotas to help avoid a house price explosion. Page 6

● POST OFFICE's postal business has been set a new financial target of 2 per cent. of turnover, Mr. Varley has announced. Postal business is expected to fall short of this in the current year, but Post Office forecasts show an overall profit of £12m. Back Page

COMPANIES

● DUNFORD & ELLIOTT made a turn-round from losses of £1.16m. to pretax profits of £1.71m. in the year to September 30 on turnover up from £64.23m. to £80.48m. Page 20 and Lex made a 1836film

● MILLS & ALLEN International made a 133 per cent. leap in taxable earnings to £2.12m. for the six months to December 31, on turnover 20 per cent. up at £13.19m. Page 20

● TOOTAL, the U.K. textile company, is to buy 40 per cent. of Bradmill Industries, one of the largest textile companies in Australia, for an estimated $A15m. Page 22

CHIEF PRICE CHANGES YESTERDAY

CHIEF PRICE CHANGES YESTERDAY
(Prices in pence unless otherwise indicated)

RISES:

Motherhood (P.)	124	+ 7
Allerated Land	41	+ 3
Bunting Gibson	200	+ 20
...Pacific	145	+ 15
Mills & Allen Intl.	138	+ 13
Royal Insurance	355	+ 5
Harris (G.)	19	+ 1½
Angel Kman	£26½	+ 3¼
Sandarand	230	+ 6
Finimbank	714	+ 13

FALLS:

Assoc. Dairies	205	− 7
Assoc. P. Cement	223	− 7
Beecham	305	− 18
Brown (J.)	276	− 6
Courtaulds	108	− 4
Davis (Godfrey)	75½	− 3½
Dixons Photo.	128	− 6
Dunlop	78	− 4
EMI	141	− 23
Glaxo	520	− 10
Grimshawe Holdings	20	− 5
Hawker Siddeley	166	− 8
ICI	328	− 5
Imp. Cont. Gas	315	− 10
Kenning Motor	654	− 3
Lloyds Bank	243	− 5
Lucas Inds.	240	− 7
Thomson Org.	155	− 15
Vantona	111	− 6
Siebens (U.K.)	226	− 10
De Beers Defd.	318	− 6
Saint Piran	49	− 5

Rhodesia pact on majority rule to be signed to-day

BY TONY HAWKINS: SALISBURY, March 2

The Rhodesian Government and the country's three internal nationalist leaders to-day concluded an agreement for the setting up of an independent black-ruled "Zimbabwe."

After exactly three months of negotiations final agreement was reached on the structure of transitional Government in which the blacks will have a majority. A formal signing agreement will take place to-morrow morning after a plenary session.

The interim Government will be established "as soon as possible," and definitely within a few weeks.

The four parties had previously agreed that December 31, 1978, should be the target date by which a majority-rule Government would be installed in Rhodesia/Zimbabwe.

To-day's agreement can be held to mark an end to the purely black-white confrontation in Rhodesia and from this viewpoint is a major advance.

But it can also be held to mark the transformation of the battle-lines into a black-black confrontation as the moderate nationalists—once they join the transitional Government—will become frontline targets of the guerillas.

Observers here are not inclined to rate the agreement as having more than a 50-50 chance of being finally implemented in its present form.

There are many blacks here—supporters of Mr. Joshua Nkomo and Mr. Robert Mugabe, the Patriotic Front leaders—who see the formula as a recipe for civil war and many whites who believe that there will be a much-increased reluctance on the part of National Servicemen to risk their lives in a war for a Muzorewa Government.

The agreement provides for a four-man executive council with one member from each of the four parties to the agreement—Mr. Ian Smith's ruling Rhodesian Front, Bishop Abel Muzorewa's United African National Council, Mr. Ndabaningi Sithole's African National Council and Chief Chirau's Zimbabwe United People's Organisation.

The chairmanship will rotate on a monthly basis with each of the four members, who are expected to be the four party heads, taking their turn as chief executive.

In addition, there will be a lower council of Ministers based on parity representation from the white government and the three black nationalist parties. Here also, the chairmanship will rotate on a month-to-month basis.

There had been no detailed discussions of the allocation of Ministerial posts, but it was thought likely that the nationalists would agree to Mr. Smith's demand that there be two Ministers—one white and one black—for each portfolio

This would ensure "power sharing" and that black Ministers are brought face to face with the political, economic and military realities.

The Rhodesian Parliament will go into "cold storage"—presumably after passing the necessary enabling legislation to provide for the establishment of the interim government—but will be recalled to enact major Government business such as the July Budget and the new Constitution.

The posts of Prime Minister and President will be abolished during the period of interim government, with the powers held by Mr. Ian Smith and President John Wrathall being vested in the Executive Council.

The transitional Government will arrange one-man-one-vote elections to be held in time for a popularly-elected black Administration to be installed by the end of this year.

With the blacks having a three-to-one majority in the Executive Council and parity in the lower council, the interim administration will be a majority-rule one, though not an elected one.

The functions of the two councils have not been clearly defined, but it appears that the Ministerial council will concen-

Continued on Back Page

Zambia may seek Russian aid, Page 4

EMI profit setback as scanner makes loss

BY NICHOLAS COLCHESTER

EMI, the music, leisure and electronics group, announced half-year figures yesterday that shocked even its most sceptical observers. The price of its shares fell by 23p to 141p, a fall that accounted directly for one-fifth of the ten-point drop in the Financial Times 30 Share Index.

The worst news was that EMI's medical electronics business—whose pioneering X-ray body scanners made EMI into a glamour stock earlier this decade—made losses during the first six months.

With the musical base of EMI's business also badly hit, Sir John Read, the chairman, predicted that results for the full year to June 31, 1978, would fall "well short of last year's profit level."

The group's first-half profit before tax was £19.4m., compared with £36.7m. in the equivalent period of the previous year. In December, after the chairman had already given the market a grim warning of EMI's problems, analysts were still expecting £27m. pre-tax, and the lowest estimates circulating yesterday morning were around £21m.

Sir John described the international markets in which EMI operates as being of "increasing depression, increasing gloom and adverse trading conditions."

In the medical electronic business EMI's problem had been "enhanced costs in a market that has been deliberately engineered down." Sir John was

Details, Page 21
Lex, Back Page

referring to the squeeze on medical spending imposed by the Carter administration. This, he said, had cut the U.S. market for the EMI scanner by half.

The weakening of the scanner market coincided with a rise in the costs associated with it. EMI directors explained that there had been a "very high" cost incurred in modifying early EMI body scanners to keep them up to date.

Aside from scanners, EMI suffered from the strength of sterling, which effectively reduced sterling sales by £25.5m.—turnover for the half was £443m.—and profit by £2.9m. EMI made a small loss in consumer electronics, entirely due to a loss in Australia where the Japanese were "tearing the market apart." EMI sold its consumer electronics interest there at the end of the year.

Lastly, a price war in the U.S. record market hit EMI's music profits. The company's profits in this business across the world had suffered, the chairman explained, because of the "current dominance of the U.S. repertoire" in contrast to the days when the Beatles and other British performers produced big profits.

EMI's interests in television, hotels, cinemas, industrial electronics and defence equipment showed improved profits. Despite the outlook for the year, the chairman ruled out a dividend cut.

Power men reject new offer

BY CHRISTIAN TYLER, LABOUR EDITOR

POWER WORKERS' pay talks ran into trouble yesterday when union negotiators said a marginally improved offer was "unacceptable."

They said they were told by the Electricity Council that it had now reached the absolute limit of the Government's guidelines.

The four unions will now separately consider what the next step should be before a joint union side meeting on Tuesday weeks.

That meeting, only three days before the national agreement expiers, will have a number of options. The most favoured is to conduct a ballot of the members, with or without a recommendation. But there could also be a combined delegate conference instead of, or as well as, a ballot.

One last attempt may be made to wring more money out of the employers on Tuesday week. At the unions' request, the Electricity Council has agreed to stand by on the day of their meeting, which will be at the council's London headquarters.

Yesterday's day-long talks at Millbank were accompanied by angry scenes and scuffles between police and militant power station workers from Yorkshire, Wales and elsewhere.

Mr. Frank Chapple, general secretary of the Electrical and Plumbing Trades Union, was chased by about 100 or more demonstrators, shouting "sell-out" as he left during th elunch break.

The council, by some adjustment of the figures, offered another 50p a week on current productivity bonuses saying that it was still within the 10 per cent. limit.

But the council made no move on the other part of the package, a new self-financing, productivity deal. Based on forecasts of electricity sales, the offer is estimated by the unions at £3.60 a week, while they are looking for over £10 a week

Carter comes to defence of dollar

BY DAVID BELL

WASHINGTON, March 2.

PRESIDENT CARTER came strongly to the defence of the dollar to-day insisting that "the basic principles of monetary values are not being adequately assessed on the international monetary market."

The Senate banking committee, in a move which must also bring some comfort to the markets, voted to approve the nomination of Mr. William Miller as the new chairman of the Federal Reserve Board. The full Senate is expected to follow suit to-morrow.

The sole opponent was Senator William Proxmire, the committee's chairman, who said that his principal objection was that Mr. Miller was technically not qualified.

The President said a number of factors would combine to help the dollar in the year ahead, but acklowledged that it was more than ever important that the Congress pass an energy Bill quickly.

He said that foreign investment was continuing to flow into the U.S. and the attractiveness of such investment was rapidly increasing, partly because of higher interest rates in the U.S.

In general, he said, echoing comments made by Mr. Michael Blumenthal, the Treasury Secretary and others, 1978 should be a better year for the dollar than last year

Nervous

Michael Blanden writes: The European foreign exchange markets remained nervous and volatile, with the dollar closing little changed against the leading European currencies after wide movements during the day.

Initially, the dollar picked up against the West German D-Mark to DM2.02, helped by expectations that the meeting of the Bundesbank council might produce new measures to protect the German currency against speculative inflows.

When it became clear that no new moves would be announced by the German central bank, the dollar slipped back below the DM2 level first breached on Wednesday. But it recovered in thin trading to end in London DM2.0090, slightly lower than the previous day's DM2.0150.

The dollar also picked up slightly against the Swiss franc, following the series of measures taken by the Swiss authorities to stem the inflows of foreign funds. It touched a best level of Sw.Frs.1.85 before coming back to close in London at Sw.Frs. 1.8350, compared with Sw.Frs. 1.83 on the previous day.

Energy Bill progress and Textron case, Page 4

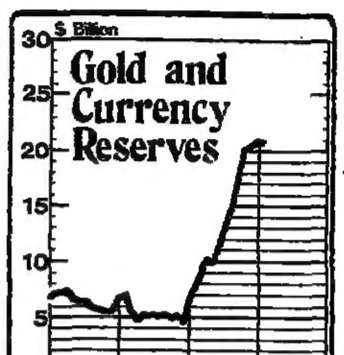
U.K. reserves fall $167m. in February

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE OFFICIAL reserves fell slightly last month, for the first time since May, as the Government's programme of early repayment of the U.K.'s massive overseas debts started to make an impact.

The reserves declined by $167m. during February to $20.7bn., entirely as a result of debt repayments of $505m. (before allowing for new borrowing).

There was an underlying inflow of $236m., which is in the same range as in the previous two months when there were increases of $257m. and $238m. This was in sharp contrast to the inflows of several times this level last autumn when sterling was being held down.



Although there was probably some official intervention to hold down sterling at the beginning of the year, as has been reflected in the money supply figures, the underlying rise last month resulted rather more from a variety of official transactions.

The reserves have also been boosted by new borrowings abroad by various public sector bodies. During February a total of $102m. was raised, mainly from EEC organisations, and this takes the amount of new borrowing overseas since last October to more than $500m. There are likely to be further similar moves on a limited scale during the rest of the year.

This part of the official policy of spreading the burden of debt repayment, with $20bn. maturing before 1984, away from the peak years of 1980-82 by repaying now and by seeking new finance maturing after the mid-1980s.

The early repayment of slightly more than $500m. by the Electricity Council last month is by far the largest move implemented so far. But further similar action involving debts totalling $1.2bn., including $1bn. due to the International Monetary Fund, has already been announced and will affect the reserves later this year, with additional smaller moves also likely.

But the repayments so far announced, have made only a modest dent in the large totals due in the peak years with loans of between $2.8bn. and $4.94bn. due in 1980-82. This suggests that in order to reduce the amount of refinancing and repayment in this period further moves may be necessary in the next year or so.

This is a major reason why the authorities believe that the current account should remain in some kind of surplus to provide the right financial climate for new borrowing.

This is contrary to the view argued by some economists in pre-Budget opinions that if the Government's reflationary measures push the current account into a small deficit this should not act as a major constraint since a deficit is anyway required in the oil-consuming countries to match the persistent oil-producer surpluses.

The official concern to keep a surplus in spite of the deteriorating trade prospects has emerged as an inhibiting factor on the size of the stimulus in the Budget.

The present total of repayments of official debt this year, including amounts anyway maturing, is $2.75bn. This is slightly less than the Treasury estimate last October of the current account surplus for 1978, but is now slightly more than the recent more pessmistic non-Whitehall projections.

Begin stops settlement

BY DAVID LENNON

TEL AVIV, March 2.

CABINET MEMBERS who oppose continued Jewish settlement in the occupied territories scored a major victory to-day when Mr. Menahem Begin, the Prime Minister, ruled that the Defence Minister, Mr. Ezer Weizman, had acted correctly yesterday in barring the creation of a new Jewish settlement in Sinai.

Mr. Weizman, who objects to settlement while peace negotiations are in progress, had ordered the Army to prevent settlers putting up houses at Kadesh Barnea, south of El Arish

Sadat letter Page 3

£ in New York

—	March 1	Previous
Spot	$1.9415-9425	$1.9385-9405
1 month	0.07-0.04 dis	0.14-0.10 dis
3 months	0.25-0.20 dis	0.28-0.24 dis
12 months	1.15-1.10 dis	1.05-0.90 dis

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EUROPEAN NEWS

Italian Communists offered places in Government

BY DOMINICK J. COYLE

ROME, March 2.

ITALY'S POWERFUL Communist Party (PCI) has finally succeeded in its demand to the Christian Democrats (DC) to be included in a Parliamentary majority for the first time in some 30 years. However, its leaders were considering here to-day whether the price being asked by the DC in terms of immediate policies is not too high, as well as being potentially damaging to the Communists in electoral terms.

The Christian Democrat Parliamentary Party, presenting a public show of unanimity which is not even skin-deep, has, in essence, agreed to the Communists' demand, provided the PCI endorses in Parliament, a Government programme which *could well serve as an election* manifesto for the Christian Democrats.

Indeed, some senior Communist officials were saying privately to-day, in advance of any formal response by their party's leadership, that the DC were showing signs of firing-off their first shots in a protracted election campaign. The party claims publicly it is trying to avoid such a contest as a means of resolving the preent political crisis which has left Italy without a Government for more than six weeks.

The political deal which the DC is now offering the Communists is a Parliamentary alliance for a limited period until the end of this year. Then it is envisaged that any new minority Christian Democrat Government enjoying direct PCI backing in Parliament would resign immediately on the election of a new president.

In exchange, the DC is insisting that the PCI must accept the principle of no further expansion of direct state involvement in the industrial sector. In particular, the Christian Democrats are demanding that the present financial difficulties of Montedison, the major chemicals and fibres conglomerate which has accumulated debts of some $4bn., must be resolved without recourse to further nationalisation, as the PCI and its trade union allies want.

Another key PCI/trade union demand has also been rejected categorically by the DC leadership. This concerns a campaign to permit the country's police forces to be organised into trade unions affiliated to the semi-unified confederations, the largest of which is linked directly with the Communist Party.

Sig. Giulio Andreotti, the DC prime minister-designate, has called a collegial meeting for Saturday of all the main parties. He is assuming that the Christian *Democrats' qualified acceptance* of Communist votes to sustain a minority government would be sufficient to allow early agreement on the formation of a new administration.

The main parties have already reached a fair measure of general agreement on a new economic programme. But the Communists in particular were refusing to initial this pact until the Christian Democrats accepted the PCI's "political conditions." These, initially at least, took the form of a demand for a share of Cabinet seats in any new government, an ultimatum which effectively brought *down* the Andreotti government on January 16.

The Communists have since modified their demand for such an emergency government. They say they would settle instead for inclusion in a parliamentary majority, coupled with the acceptance of an Andreotti *formula* for the establishment of an all-party committee of parliamentary whips to ensure that agreed policies were carried out.

It is now up to the Communist leadership to establish whether acceptance by the DC, however qualified, of PCI parliamentary support represents for the Party a sufficient political advance to outweigh the DC's attached conditions. What is clear, in any event, is that the Christian Democrats have once again retaken the political initiative and Sig. Andreotti has won a significant personal victory within his *own badly divided party.*

The Italian stock market saw the DC's acceptance of the Communists in a new parliamentary majority as an indication that the government crisis might now be resolved speedily, and plus marks predominated to-day on the Milan bourse.

W. German print row spreads

BY ADRIAN DICKS

BONN, March 2.

THE WEST GERMAN printing industry's bitter dispute over the introduction of electronic equipment spread further to-day, with the prospect that several more major metropolitan areas would be left without newspapers to-morrow as a result of printers' strikes or employers' lock-outs.

With no sign that either side is yet thinking in serious terms about fresh peace moves, the printers' union, IG-Druck und Papier, announced it was calling a 48-hour strike at all plants belonging to Axel Springer Verlag, which is by far the largest West German newspaper group. The union described *Springer, whose titles include* the mass-circulation Bild-Zeitung and the morning paper Die Welt, as the "hard core" of the employers' refusal to return to the negotiating table.

Publishers in Hamburg, Cologne, Frankfurt, and Essen suspended publication of their Friday editions, while strikes called in Dusseldorf and Kassel were continuing. Munich, hit by both strike and lock-out *measures, was without all its* daily papers for the third day running—to the chagrin of local politicians anxious to make their final appeals to the voters before the forthcoming municipal elections.

At this stage IG-Druck's strategy appears to be to limit strike calls to specific areas, rather than to call out its members everywhere simultaneously as it did in April 1976.

The publishers and printing employers, who have tried to portray their use of the lock-out as a response more in sorrow than in anger, are likewise declining to take national action. But they stated to-day that their moves were being limited to the union's strike calls.

Relatively wide use of the lock-out by the printing employers duration and location of the *has, however, encouraged speculation* about whether this weapon might commend itself to employers in other industries.

Meanwhile, in the engineering and metal-fabricating industry, employers were warned by Herr Eugen Loderer, President of IG-Metall, that a "lengthy" strike could occur in the two largest bargaining regions of North Rhine-Westphalia and North Wuerttemberg-North Baden if the *differences between the two sides* could not be closed. He accused the employers of making their offer of 3.5 per cent. into an "ultimatum," whereas the union had never made this out of its claim for 8 per cent.

Irish postal service upset

By Our Own Correspondent

DUBLIN, March 2.

IRELAND'S communications dispute is now *affecting* mail deliveries because of faults in automatic sorting equipment which are not being repaired by striking technicians.

The Post Office has resorted to sorting by hand in the main Dublin sorting office

More than 1,000 Post Office technicians are now either suspended, on strike, or laid off, with no early end to the dispute in sight. The Irish Congress of Trade Unions will meet Post Office unions to-morrow

However, the Department of Posts and Telegraphs has taken a tough line and has even been accused of having engineered the suspensions of some technicians.

Belgrade formula found

BY REGINALD DALE

THE 35 nations attending the Belgrade East-West security conference at last seem to have found a formula for bringing their deadlocked talks to an end—almost a month after their original deadline. The conference could now finish at the end of next week with a brief final communique, in which neither East nor West would achieve *their main objectives.*

Provisional agreement on a final draft declaration was reported to have been reached at a meeting of eight countries representing the Western, Eastern, neutral and non-aligned nations which have been meeting for almost six months to review the 1975 Helsinki Agreement on Security and Co-operation in Europe. The participants are all the European countries including the Soviet Union, as well as the U.S. and Canada.

The draft final document contains no reference to the need to respect human rights, which the West wanted to reaffirm in Belgrade. The Western countries are likely, however, to make it quite clear in their public closing speeches that the original Helsinki human rights commitments remain valid, despite the Soviet Union's refusal to re-endorse them in Belgrade.

The final phases of the conference could still be held up while the smaller nations attempt to amend the draft declaration. But it is clear there will be no "substantive" final document assessing the implementation of the Helsinki agreement, as the West had originally hoped.

EEC ENLARGEMENT

Counting the cost

BY DAVID BUCHAN, BRUSSELS, MARCH 2

IF GREECE, Spain and Portugal were to-day already full members of the European Community, they would be net beneficiaries from this year's EEC budget to the tune of nearly 1bn. European units of account (£852m.). This is the major financial conclusion *which a Brussels Commission* working paper on the implications of EEC enlargement which is designed to provide a *global* framework for the entry negotiations with the three applicant countries.

The Commission document was given a first reading yesterday by the 13 Commissioners, and is expected to be approved by the end of the month. It proposes that the transition periods for the three applicants to conform *to the full range of EEC rules* and obligations should not be less than five years and not more than ten.

Other proposals are for a radical simplification of the procedures of both Commission and Council of Ministers in a widened Common Market of 12 states. To *prevent the Commission* becoming unworkably large, there should be only one Commissioner from each member state, instead of two from each of the four largest member states, as at present. The right of veto in the Council of Ministers should be curbed, and the taking of *decisions there by qualified* majority correspondingly increased.

The exact length of the various transition periods between five and 10 years should depend not only on the economy of the applicant country in question, but also on developing trends inside the existing Nine member states and the world economy

The Commission reckons that, ideally, an average growth rate of 4.5 per cent. among the Nine and a slightly superior performance on top of that by the applicant countries would remove almost all the teething problems of adjustment.

By contrast, growth in the Nine below 2 per cent. would pose very serious obstacles in the shape of protectionist pressure. Nevertheless, the Commission estimates that a growth *rate among the Nine "oscillating* between 3 and 4 per cent." would probably see the Community through the worst pitfalls of enlargement.

Working on the assumption that Greece, Spain and Portugal were already members of the Community, the Commission reckons that Greece would be a net beneficiary from the 1978 budget by UA400m., Spain by UA200-300m. and Portugal by UA150-300m. The Greeks would be better off than the Spanish and Portuguese, largely because Greece is a net exporter of food, and would therefore have to pay less *in levies* into the EEC kitty.

On the Commission's arithmetic, the presence of the three new countries in the Community *would have meant a rise in EEC* expenditure this year from UA12.4bn. to nearly UA15bn. Farm price support would rise from UA8.6bn. to some UA10bn., while social fund expenditure would go up from UA570m. to UA700-800m. and regional fund expenditure from UA581m. to UA1bn.

The new members would, of course, bring in some new resources to the budget. Receipts *from customs duties to the EEC* budget, estimated this year for the Nine at UA4.8bn. would be swelled by some UA100m. from Greece, UA350m. from Spain, and UA30m. from Portugal. Agricultural and sugar levies, this year put at about UA2bn., would be increased by UA100m. from Greece, UA350m. from Spain and UA75m. from Portugal.

The overall shortfall would have to be made up in the increase in the present rate of nationally collected valued added tax (a tax that none of the three applicant countries yet apply) that goes into the EEC budget.

All these hypothetical calculations are only designed to put an order of magnitude to the financial problems of enlargement, not to influence the detailed negotiations with any of the applicants. These, EEC officials insist will proceed "on their own merits."

Negotiations with Greece, which applied for EEC membership in 1975, have been going on for some time, and the EEC Commission has promised Prime Minister Constantine Karamanlis that it will try to finish them by the end of this year. Portugal *and Spain applied early last* year.

The Commission's preliminary opinion on Portuguese entry (necessary for formal negotiations to start) is expected in April or May while that on Spanish membership is not likely before spring next year.

In each of the three cases, the Commission document proposes that if the transition period negotiated is longer than five years, it should be divided into two phases, "each corresponding to the achievement and realisation of well-defined goals."

By the end of the first five years, each applicant country should be required to implement Common Market policy on free *circulation of goods, competition* rules, the Common Agricultural Policy, full budget contributions, and the common external policy.

It *recognises* that some concessions might have to be made to fears among existing EEC states, particularly West Germany, about the influx of workers from the three new member states and that free circulation of labour might have to come in the second phase of the transition period.

Papandreou prepares his party for power

By David Tonge

WHEN Mr. Constantine Karamanlis, the Greek Prime Minister, meets Mr. Bulent Ecevit, his Turkish counterpart later this month, absent from the summit—but uncomfortably present in Mr. Karamanlis's calculations—will be Mr. Andreas Papandreou, the Greek socialist leader.

His party, PASOK, has consistently opposed the Greek-Turkish talks, and with PASOK just emerging as a real challenger for power, Mr. Karamanlis has to ensure that *he does not open himself* to further taunts that he is prepared to "bargain with the frontiers of Greece."

Mr. Papandreou is quick to dismiss the suggestion that he is merely trying to score a cheap propaganda victory over his main rival. In an interview *he told the Financial Times* that it was "improper" for Greece and Turkey to discuss Cyprus since it is not a Greek-Turkish problem but, as it involves the violation of the integrity of a member of the UN, a matter for the UN as a whole.

On the potentially more dangerous issue of the Aegean, he says that "Turkey is demanding that the status quo should be altered in its favour." This means concessions from Greece, but all that Turkey offers in return is non-war. It is a grave mistake for Karamanlis to agree to meet Ecevit. If the two meet and fail to reach agreement the only alternative will be war."

These are strong words, but only part of a programme of vociferous opposition which is helping PASOK become a *mounting* threat to Mr. Karamanlis's New Democracy. And as its challenge grows, PASOK is adapting its radical socialist policies to meet the new situation.

The ideological basis of the party remains unchanged according to Mr. Papandreou. "We believe in Marxism and we believe in class struggle as the force of history. We believe in putting forward a *grand alliance* of the oppressed classes—the artisans, the small holders, the farmers, the day workers, the salaried persons and the small and medium businesses.

"There is also a dimension of national liberation in our policies, a point which the larger and less dependent countries in Europe find very hard to comprehend. But we see Marxism used in the right way for our time and region, as an analytic tool. We oppose the dogmatic Marxism monopolised by the eastern bloc and oppose one party rule. We are clearly faithful to popular sovereignty."

In the November elections PASOK's share of the vote *jumped from 14 to 25* per cent. New Democracy slipped to 42 per cent. In the volatile world of Greek politics PASOK believes that the message of the elections was not merely that it has become the official opposition but its next step is government.

Last year PASOK moved from outright rejection of the "EEC of the monopolies" to a call for a special agreement relating to groups of products, but allowing Athens to control the movement of commodities and capital. More recently the party has dropped demands for immediate closure of U.S. bases

Mr. Papandreou explains that his party still wants the bases to go but recognises that this *may take time.*

For NATO, he preserves a profound distrust, arguing that, whereas it has trained the Turkish armed forces to act 90 per cent. for defence purposes and 10 per cent. as an internal police force, in Greece it has reversed these *proportions. He himself* has been under fire from the right and the communists for seeking to woo the military in particular by his tough line towards Turkey, but he defends the way he has sought to project his party's stand on national issues.

Eleven years ago he and his father were denied a certain election victory by the military coup and the question remains of whether a largely unpurged and ultra-rightwing army would accept him as Prime Minister. On this Mr. Papandreou says: "As a Greek socialist party we have taken stands on national independence and territorial integrity of a kind which the military *ought to find unexceptional.*

"As a party, we should not seek to gain support for ourselves in the army. But where the army has a history of involvement in politics it has at least to make sure that its access to power will not provoke the army to put aside the constitution."

EUROPEAN NEWS

OSLO CONSIDERS TOUGH ECONOMIC MEASURES

A cold shower for Norway

BY WILLIAM DULLFORCE, NORDIC CORRESPONDENT

LAST WEEK the Norwegian Labour Government announced that it could not table its revised long-term economic programme on March 3 as scheduled. The planners working on the revision had decided that the short-term outlook was even more disturbing than the initial reports which led the Cabinet to devalue the krone on February 10. Stabilising measures will have to be more drastic than previously envisaged.

It is very possible that after the 20 per cent. increase in real national income they have experienced over the past four years, the Norwegians will now be asked to take a cut in their living standards. Even the full employment policy, which has kept the number of jobless at around 1 per cent. of the labour force, is threatened.

The measures being forced on to the Government will add up to a very cold shower for a nation used to the idea that North Sea oil protects it from the rigours of the world economic recession. Norwegians are still a hardy race and they can probably take it. But the political situation is extremely painful for the Labour Party, which just managed to retain power in the September general elections, largely on its record of competent management of the economy.

Little wonder that there is at present considerable confusion within the Cabinet and that relations between the party leaders and their trade union colleagues are strained. The standing of Mr. Per Kleppe, the cool Finance Minister who has been so widely praised for his anti-recessionary strategy, has been undermined and he will need all his prestige and dialectical skill to get the Cabinet to take the tough decisions needed to restore the situation.

The current problem must be put into perspective. An economy of 4m. people with the kind of oil and gas reserves the Norwegians possess must be fundamentally sound. The trouble is that the oil revenues have been delayed, Norway's foreign debt has mounted steeply, and in the meantime a number of other things have started to go wrong. Last year, because of the Bravo accident and other setbacks to development schedules, oil income reached Kr.3.7bn. (£355m.) instead of the Kr.6bn. expected. The Oil Ministry was still forecasting in January that oil revenues in the 1978-80 period would exceed Kr.60bn.; it has just reduced this figure to Kr.52bn.

The core of the problem is the external payments balance and the swelling foreign debt. The current account deficit is running at more than 14 per cent. of GNP, the biggest deficit in the OECD area. By the end of last year the net foreign debt totalled some Kr.82bn. after an increase of Kr.27.5bn. in 1977. The Budget forecast of a Kr.16bn. net foreign borrowing requirement for 1978 has already been revised to Kr.20bn. and could well go higher.

It has seemed legitimate for Norway to run up this enormous debt, because it was thought that the bulk was being invested in developing North Sea oil reserves. The breakdown of the 1977 borrowing shows a somewhat different picture. The total net borrowing for oil development was Kr.10.4bn. Some Kr.7.8bn. fell under the shipping account, while the rest of the economy borrowed a net of Kr.9.2bn., of which a sizeable chunk was taken up by the State. This is the evidence for the assertion that Norway has been living beyond even its considerable expectations.

Even with the "oil balance"—the state oil income less the state oil company's investments and debt financing—expected to edge into surplus this year, the outlook is only slightly more promising. One of the painful decisions the Cabinet is now considering is that, having got Parliamentary authority late last year to borrow up to Kr.7bn. abroad in 1978, it will soon have to ask for more.

Some Ministers feel badly let down by Mr. Kleppe and his economists at the Finance Ministry. The trouble is that after a slight improvement in export performance in 1976 they fed into their computers the assumption that Norway's non-oil exports would increase by 8 per cent. in volume in 1977, returning to the pre-1974 growth level. In fact, exports declined by 3 per cent.

> The Norwegian dilemma: domestic consumption has to be cut and the country must agree to a very meagre incomes settlement. But because of the delayed oil income the Government has to switch resources to exports. How can it do this fast enough?

At the same time, the high level of domestic demand sustained by Mr. Kleppe's anti-recessionary measures kept the imports flowing in. Norway's non-oil industry, thwarted on the export front, also lost market shares at home. The 25 per cent. relative increase in Norwegian unit labour costs compared with its main trading partners over the past three years was taking its toll.

The 8 per cent. devaluation on February 10 was the first move to reverse the trend. The more recent work on the revision of the long-term programme raises the question of whether the devaluation was large enough.

There is an even bigger question mark over the decision to remain within the European currency "snake." As trade union economists point out, the relative increase in Norwegian labour costs arises to a considerable extent from the appreciation of the krone alongside the deutschemark. The continued weakening of the dollar against the deutschemark since February 10 has already eroded Norwegian industry's devaluation gain.

Can Norway continue to pay the price for the West German desire to keep the remnants of the "snake" intact? The question is all the more pertinent in view of the difference between the two countries' employment strategies.

Parallel with the issue of restoring the export companies' costs to a competitive level is the problem of reorganising Norwegian industry. The unprofitable branches—shipbuilding, steel—shored up by public funds must be reduced and investment allowed to find its way into branches which can yield profit.

The present Norwegian dilemma may be summed up crudely as follows: it is accepted that domestic consumption must be cut and that the unions, farmers, state employees and even the pensioners must agree to a very meagre incomes settlement this year. But, in view of the delayed oil income, the Government must also act to switch resources to exports. How can it do this fast enough?

Whatever it does will call for a change in previous policies and will be unpopular with its political allies in the unions. Mr. Kleppe has already intimated that company profits must be allowed to increase, an attitude difficult for the unions to reconcile with cuts in their members' real incomes. The Cabinet will also have to look at its employment policy

By allowing more unemployment, the Government could also check the wage drift which has spoiled Mr. Kleppe's attempts during the past three years to mastermind comprehensive incomes settlements, covering wages, farm prices, pension rates, taxes and subsidies.

Slowdown forecast in Swiss growth

By John Wicks

ZURICH, March 2.

SWITZERLAND expects a larger surplus on current account in its balance of payments this year than in 1977. The country's official Commission for Economic Studies expects a slowdown in overall growth in 1978 and a foreign-trade deficit of something like the last year's figure of Sw.Frs.867.6m. Net income from invisibles should rise, though not as fast as in 1977, while there should be a marked increase in capital yields.

At the same time, the Commission estimates that last year's balance-of-payments surplus should have reached the record level of Sw.Frs.8.7bn. booked for 1976, increases in most other forms of income having offset a turn-round in the trade balance which in 1976 had shown a rare surplus of Sw.Frs.174m.

Gross National Product, which is now said to have improved by a real 4.3 pe rcent. last year after the drop of 7.7 per cent. in 1975 and 1.3 per cent. in 1976, is expected to rise by a further 2 per cent. in the current year. Exports and imports of goods are each seen as expanding by 6 per cent. in real terms and private consumption by an unchanged 2.5 per cent. Public spending will remain at last year's low growth rate of 1 per cent., however, and investments in plant and equipment will rise by only an estimated 0.4 per cent., also in real terms.

Inflation is expected to stay very low in Switzerland this year. Wage growth will accelerate, but the Commission believes the rate of increase

● A total of 4,650 working days were lost in strikes in Switzerland last year. Only nine strikes lasted a day or more and 2,800 of the man-days lost resulted from a single industrial action, that of printers in Geneva.

OVERSEAS NEWS

'No deals with Morocco unless Sahara rule recognised'

BY KAY PHIPPS

RABAT, March 2

MOROCCO will in future insist that, in any future deals with foreign governments or commercial concerns, its sovereignty over the disputed Saharan territories is understood to be recognised.

Mr. Ahmed Osman, the Moroccan Prime Minister, said in an interview that in any foreign dealings that are undertaken by Morocco, governments must understand that they were dealing with Morocco "in its new form"—including, by implication, its territorial expansion in taking over the former Spanish Sahara together with Mauretania.

The point is particularly significant in view of the enormous commercial agreements the country is about to sign with the Soviet Union and soon with the U.S. Mr. Osman is shortly to leave for Moscow to put his signature on what is referred to here as "the commercial deal of the century," by which the Soviet Union is to provide a $2bn. long-term soft loan to develop the Meskala phosphate deposit and will receive in return up to 5m. tons of phosphate, rising to 10m.

Under the agreement the Soviet Union will provide Morocco with crude oil, timber and chemical products for the next 30 years.

According to Mr. Osman, implicit in the deal is Soviet recognition of Morocco's sovereignty over the Western Sahara. He said "they know they are dealing with the new Morocco."

So far neither the USSR nor the U.S. has formally or openly recognised the country's tenure over the new territories. Any such recognition must have implications for the super-powers' relations with Algeria which is backing the Polisario movement in the western Sahara.

The U.S. has been non committal, and says it recognises Morocco's "administrative" control over the area. The Kremlin appeared to support the Algerian point of view in January during a visit to Moscow of the Algerian President, Houari Boumediene. The two nations issued a communique calling for a swift legotiated settlement and the granting of the right of self determination for the region's inhabitants.

However, when the statement was issued, Morocco quietly ignored it, and shortly after, the phosphate deal was initialled by the two governments.

The Soviet Union appears also to have given facti recognition of Morocco's acquisition of a slice of the old Spanish Sahara in negotiating a fishing deal which, according to officials here, may be signed at the same time as the phosphates accord. Under it, the Russians would provide scientific vessels for a fishing survey in the Atlantic waters including those adjacent to the disputed territory—which are said to be fabulously rich in their potential. Also under discussion are a feasibility study on a joint fish canning venture.

U.S. business is also apparently complying with Moroccan demands. Commenting on a deal worth $20m. being negotiated with Westinghouse for0 the installation of a radar network for the Kingdom's air defence system, Mr. Osman said. "Our agreement with the American company will be for the protection of the whole country, from east to west and north to south."

Morocco whose moderate Middle East policies are well regarded in Washington has requested $100m. worth of weapons from the U.S. and, though Rabat's moderation will undoubtedly help obtain Congressional approval the request may run into trouble over the difficulties over the Saharan issue.

Sadat sends letter to Begin

BY DAVID LENNON

TEL AVIV, March 2.

A PERSONAL letter from President Sadat was delivered to Mr. Menahem Begin to-day by the American mediator, Mr. Alfred Atherton.

Mr. Begin refused to divulge the contents of the letter, but said that he would reply to it early next week. Presumably, after Sunday's Cabinet meeting, so that Mr. Atherton can present it to President Sadat in Cairo on Tuesday.

Despite reports from both sides that the American peace shuttle has failed to make any progress, Mr. Begin said to-day that the "negotiation will go on with the help of Mr. Atherton."

Rami Khouri adds from Amman: Mr. Atherton is expected here Friday for a one-day stop whose aim is more to inform the Jordanians of the state of current Egyptian-Israeli talks than to try to draw King Hussein into the negotiations.

Despite concerted and clear interest on the part of the Americans, the Egyptians and the Israelis in drawing Jordan into the stalled bilateral talks in Cairo and Jerusalem, it is now unlikely that even agreement on a declaration of principles will automatically bring Jordan into the talks, according to informed Jordanian and Western diplomatic sources directly involved

In Jordan's view, the declaration of principles that Mr. Atherton is trying to work out is necessary for Jordanian participation, but is not in itself sufficient to bring Jordan into the Egyptian-Israeli talks.

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Defeat in parliament for Suarez

MADRID, March 2.

THE SPANISH government suffered its first defeat in Parliament last night after the Opposition rejected its explanation of a Cabinet reshuffle.

Last week-end, Adolfo Suarez the Prime Minister, accepted the resignation of his Vice-premier for Economic Affairs, Professor Enrique Fuentes Quintana, and changed the ministers of industry, transport, labour and agriculture.

Vice-premier Fernando Abril Martorell, who took over Professor Fuentes Quintana's portfolio told Parliament the policy of the reshuffled Cabinet would remain unchanged.

He said the Government would comply strictly with an agreement between Senor Suarez and Opposition leaders which included voluntary wage restraint in exchange for political reforms. Sr. Felipe Gonzalez, the socialist leader, said he could not understand why the Cabinet had to be reshuffled when it was supposed to carry out the same policy.

A Parliamentary resolution, describing Senor Abril's explanation as inadequate was passed by 159 votes to four against, with 134 abstentions.
Reuter

Spain to press OAU on Canaries issue

BY OUR OWN CORRESPONDENT

MADRID, March 2.

THE SPANISH Government is preparing a diplomatic and political offensive to head off the possible adoption by heads of state of the Organisation of African Unity (OAU) of a draft resolution backing the Canary Islands independence movement.

Last month, OAU Foreign Ministers meeting in Tripoli ratified a recommendation by the liberation committee that financial and material assistance should be given to the Canaries independence movement, MPAIAC, which is waging a terrorist campaign. The OAU heads of state are expected to consider this resolution when they meet in Khartoum in July.

The OAU's claim regarding the "African nature" of the Canary Islands has enraged the Spanish Government and all political parties, and was condemned in the Cortes last week.

Sr. Adolfo Suarez, the Prime Minister, saw Sr. Felipe Gonzales, the Socialist leader, yesterday as part of a series of contacts aimed at forming an inter-party delegation to visit African countries between now and July to explain Spain's position. The political parties appear to be well united behind the Government on this issue despite having different relations with African countries.

Sr. Gonzales visited Algiers recently to try to persuade the Government there to curb its support for the MPAIAC. The Algerians have now stopped Sr. Antonio Cubillo, the MPAIAC leader, from continuing his broadcasts from Algiers beamed at the Canary Islands. However, Spanish officials feel that Algeria only did this knowing that it would not affect its long-term designs on the Canaries. Sr. Cubillo had been broadcasting from Algiers for 13 years.

The Spanish Government is urging the ambassadors in Madrid of the 47 countries which voted in favour of the OAU resolution to visit the Canaries to acquaint themselves with the reality of the situation in the islands. Spanish officials still remember the visit of one OAU leader, who went to the Canaries and was surprised not to find any negroes there. The islands have been under the flag of Spain for 500 years. The indigenous population, the Guanches, have long since disappeared.

The storm over the OAU's attitude to Canary Islands has led the Spanish Government to begin questioning its foreign policy towards African countries, in particular Algeria, which is leading the movement over the Canaries. Among the considerations are whether Spain should sever diplomatic relations with Algeria if the situation worsens.

However, for this to occur the situation would have to become very serious as Algeria is quite an important customer for Spanish goods—the second-largest in Africa—and also supplies natural gas to Spain. But the fact that it is being mentioned in official circles emphasises the seriousness with which Spain regards the problem.

Another issue which may be affected is Spain's good relations with the Arab world. Madrid was surprised that some Arab countries, such as Egypt, which is a member of the OAU, voted for the resolution. Spain does not have diplomatic relations with Israel, but their establishment may be brought nearer if those Arab members of the OAU persist in supporting the resolution.

The Canaries problem has also highlighted to a certain extent the sensitive issue of Spain's membership of NATO. The strong Socialist opposition feels that the United States may be using the dispute to put pressure on the party to drop its resistance to Spanish membership of NATO. The Communists are also against Spain joining the alliance. The Government is in no hurry, and has said it will hold a referendum on the issue.

Arabs for trial in Cyprus

NICOSIA, March 2.

TWO ARABS accused of killing Egyptian President Anwar Sadat's close friend, Mr. Youssef Sibai, were to-day sent for trial in the High Court on charges of premeditated murder after a four-day preliminary hearing.

The two accused are Samir Mohammed Khadar, 28, a Jordanian, and Zayed Hussein al-Ali, 26, who holds a Kuwaiti passport.

The charge of premeditated murder carries a mandatory death sentence in Cyprus, which only a presidential reprieve can revoke.

Mr. Sibai, editor-in-chief of the semi-official newspaper Al-Ahram, was killed on February 18 while attending an Afro-Asian solidarity conference at the Hilton hotel here.

To-day, after hearing evidence from 42 prosecution witnesses, Mr. Justice Petros Michaelides told the accused that he found there were sufficient grounds to send them for trial
Reuter

OVERSEAS NEWS

Nordic ban expected on S. African investment

By Hilary Barnes

COPENHAGEN, March 2.

THE NORDIC countries are *expected next week to agree to* a ban on capital exports intended for investment in South Africa. This is one of the recommendations which has been made in a report by an official working group to be considered at a meeting of the Nordic Foreign Ministers in Oslo next week.

The officials also recommend that the Nordic governments should ban or try to ban all *new investment in South Africa* and to negotiate with Nordic companies to persuade them to limit the production of subsidiaries in South Africa. The report also calls for a visa system for all South African visitors to the Nordic countries and to stop all sporting and cultural contacts between Nordic countries and South Africa.

The officials said Nordic-*owned companies* in South Africa should be encouraged to adopt a code of behaviour and that Nordic Governments should increase their contributions to anti-apartheid groups, independence movements, and for the support of refugees.

New border defence powers

By Quentin Peel

CAPE TOWN, March 2.

WIDE POWERS to defend the borders of South Africa, including provision for a 10-kilometre wide no-go zone along any border, are contained in new legislation published here to-day.

The law also provides for a doubling of the jail sentence facing conscientious objectors to military service from 18 months to three years.

Zambia may seek Russian and Cuban military aid

BY MICHAEL HOLMAN

LUSAKA, March 2.

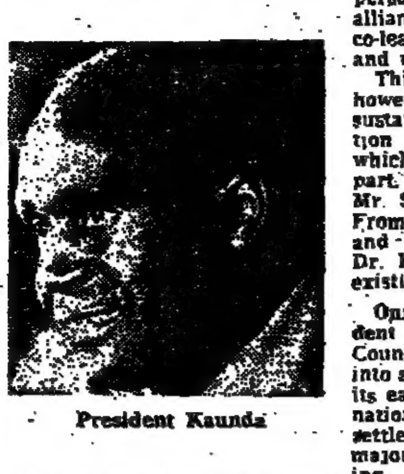
THERE ARE increasing signs within Zambian Government circles that Western encouragement of the agreement between Mr. Ian Smith, the Rhodesian Prime Minister, and internally based black leaders will force Zambia *to seek military aid from* Russian and Cuba to assist in an intensified war waged by the Patriotic Front, the Rhodesian guerilla-backed alliance.

Some observers here question whether the warning will be put into effect. Yet there is evidence of a recent and significant change in Zambia's attitude to such external involvement, accompanied by reports of about 50 Cuban military advisers attached to Zambian bases of Mr. Joshua Nkomo's Zimbabwe African Peoples' Union (ZAPU).

Intensification of the war carries serious risks for Zambia. Even if Mr. Nkomo is successful in his efforts to send part of his 6,000-8,000-strong army (as many are in training) to Mozambique for an assault from the east, the remainder will have to infiltrate *Rhodesia from bases in Zambia.* This will make Zambia vulnerable to Rhodesian retaliatory raids, two of which are reported to have taken place earlier this year, killing over 20 ZAPU guerillas.

Some observers are doubtful whether Zambia would be prepared to take the drastic step which Cuban and Russian intervention signifies. They point to *the severely depressed economy* for which international assistance is urgently needed, and the fact that President Kaunda's policy has its opponents among what *might be called economic and* political pragmatists.

Last September his Government reacted angrily to such *reports.* They were described as an attempt to "tarnish" Zambia's image and, by falsely "internationalising" the war, play into the hands of Mr. Smith who, said one Government official at the time, "thinks he could rally Western support."



President Kaunda

Officials deny a Cuban military presence but add that such a development would not be surprising. At the same time they fear that Mr. Smith has indeed won Western support. A senior official described the consequences as "disastrous," adding: "By this time next year there could be hell around here—South African troops could be fighting against us, while the Socialist countries, including Russia and Cuba, will be fighting with us."

The demanding domestic issues that *stem from* the economic depression President Kaunda faces in this election year underlines persistent speculation here that Britain is currently trying to persuade Dr. Kaunda to look again at the Salisbury agreement, and in turn persuade Mr Nkomo to break his alliance with Robert Mugabe, the co-leader of the Patriotic Front, and return to Salisbury.

This appears wishful thinking, however. Mr. Nkomo has so *far* sustained an unequivocal rejection of the internal agreement which only an about-face on his part or crucial concessions *from* Mr. Smith, is likely to change. From here, neither looks likely, and there is no evidence that Dr. Kaunda is tempted by the existing agreement.

Our United Nations correspondent adds: The UN Security Council is expected to be called into session next week to reaffirm its earlier demands for an internationally approved Rhodesia settlement based on black majority rule and consider rejecting the agreement recently worked out internally. The African nations have agreed at a caucus *to request the Council's* intervention.

Under the system of Alphabetical rotation among the 15 members, Britain's Mr. Ivor Richard is the Council president this month. Clearly, the British delegation would rather not have the Council take up Rhodesia at this time.

Nigeria, one of the Council's three African members, is understood to be a prime mover in *the initiative and Brig. Joseph* Garba, its Commissioner for External Affairs, is due in New York next week to take part in the debate.

Indian talks may benefit Mrs. Gandhi

BY OUR OWN CORRESPONDENT

NEW DELHI, March 2.

ALTHOUGH the Janata Party has become the single largest party after elections to the assembly of the southern Indian state of Maharashtra, the chances of it forming a Government there receded today. This emerged after the Parliamentary Board of the official Congress authorised its members in Maharashtra to hold talks with Mrs. Indira Gandhi's Congress (I) Party on a "working arrangement" for the formation of a Government in the state.

Should the "working arrangement" talks succeed, Mrs. Gandhi will chalk up yet another triumph as her party will be taking part in the third Government out of the three southern states which recently went to the polls. She has already secured absolute margins in Karnataka and Andhra.

But the talks could founder if Mrs. Gandhi insists on a merger of the two Congress parties. The official Congress today made it clear that both would maintain separate identities under any arrangement which includes a coalition. A coalition may not be acceptable to Mrs. Gandhi since she insists there is a single Congress Party in the country—her own—and that others should join it.

However, since failure to form a Government could lead to dissolution of the legislature, the talks are expected to succeed. The agreement to begin talks has the support of Mr. Y. B. Chavan, leader of the Congress opposition in Parliament, who is in danger of losing his post because a large number of Congress MPs are expected to join Mrs. Gandhi.

Much will depend on what treatment Mrs. Gandhi metes out to Congress leaders like Mr. Chavan and Mr. Brahmananda Reddi, since the formation of a unified Congress Party could depend on giving them the status they demand. Their fear is, however, that even if Mrs. Gandhi agrees to their demands, she will jettison them later. For the present therefore, unity talks are not being held, although feelers continue to be made.

Victory brings new uncertainties

BY K. K. SHARMA IN NEW DELHI, MARCH 2

THE JITTERS that leaders of the Janata party and the official Congress are now experiencing because of Mrs. Indira Gandhi's re-emergence in Indian politics is evidence of the former Prime Minister's dominating personality, her uncanny mastery over the game of *power politics* and her ability to be one step ahead of her opponents. She may never return to power, but *recent events show she will* make a determined bid nevertheless, no matter what her public stance. The danger is that whatever Mrs. Gandhi may do will have a destabilising effect on the country and distract attention from the country's basic problems.

Mrs. Gandhi is returning to politics through the south where her Congress (I) party will form at least two state governments. Janata has made some headway there by emerging as the recognised opposition, but its power base remains in the north. This *is the firts destabilising factor.* Just when the Janata party will be trying to give effect to its promises to decentralise decision-making and economic policy implementation and to allow the states a greater say, there is suddenly need for firmer control by the central government.

Mrs. Gandhi's chief ministers from the Southern states will assume office shortly before the National Development Council is to meet on March 18 and 19 to finalise the Janata's new "rolling" plan—a system of annual reviews of the economy to replace the Five-Year Plan.

Mr. Morarji Desai, the Prime Minister, has so far obstinately kept to himself the exercises involved in formulating the plan, rejecting demands from non-Janata states for a role in this. The meeting of the Council, the country's supreme economic decision-making body of which all the chief ministers are members, cannot now avoid becoming a political arena.

Mr. Desai might have managed to contain the Marxists from West Bengal, and Tripura and the mercurial Sheikh Abdullah from Kashmir, but he will find himself in difficulties if the southern chief ministers decide to be obstructive. And Mrs. Gandhi will encourage them not only to be obstructive but also obstreperous. Implementation of the plan depends on the states, and many of them are hostile, so its launching hardly comes at an auspicious time. Formulation of policies has taken long enough. With Mrs. Gandhi playing a *deliberate spoiler's role, their* implementation seems doomed.

A consensus approach to national policies is unavoidable in India's *federal structure,* and the country was heading toward this before Mrs Gandhi demonstrated that she cannot be eliminated easily. Janata is committed to decentralisation just when Mrs Gandhi will try to make sure that what is needed is strong centralised government of the kind that she forced on the country. With Janata leaders wrangling among themselves and showing little sign of effective government either at central or state level, people are hankering for a person who can act decisively. Mrs. Gandhi knows this.

That she has successfully rehabilitated herself in spite of the total rejection of her in the north just a year ago also raises questions about *the future pattern* of Indian government. Mrs. Gandhi has just made major political gains after steadfastly refusing to acknowledge that she and those close to her were directly responsible for the excesses of the emergency. She has this in spite of the disclosures at hearings of the Shah Commission of abuse of power and the efforts of her Congress rivals and the Janata leaders to pin the blame on her.

Mrs. Gandhi

Mrs. Gandhi has demonstrated her popular appeal in the southern states, again underlining the lesson that the north and he south are not moving in tandem. She claims she has the same support in the north as well ("I am the only opposition in the country," she says), citing *poular discontent with the* Janata party in support of her claim.

Yet it is clear *that she does not really believe this. Her pro*claimed desire not to try to enter the Lok Sabha (the lower house of parliament) through a by-election *from the north* is a tacit admission that it would still be difficult for her to get elected from a north Indian constituency. To seek a safe south Indian constituency would be tantamount to admission of defeat that would lower her status as a national leader.

Thus, while large parts of the country are willing to forget her emergency rule excesses, Mrs. Gandhi herself is by-passing Parliament. She says she does not want the *prime ministership* or leadership of the country and that all she does want is a revival of her democratic and *socialist policies for the benefit* of the vast majority of the poor in India. Yet she has chosen to ignore Parliament and preferred instead to "channelise people's anger," as she put it at her first Press conference.

That Mrs. Gandhi appears to have chosen the extra-parliamentary arena as her political battleground strengthens the belief that her view is unchanged that a strong executive is needed in India. She has chosen to use elections in the south, where her *personal popularity* was the decisive factor in the spectacular victory of the Congress (I). But in the north Mrs. Gandhi is *hoping to cash in on* the persisting differences among components of the Janata party which continue to war with each *other almost openly at the cost* of ignoring the electorate which returned them to power.

Mrs. Gandhi has drawn large crowds in such key states as Uttar Pradesh, Madhya Pradesh and Rajasthan. There is reason to believe that the Harijans (Untouchables) and the landless, who switched loyalties to the Janata largely because of Sanjay Gandhi's forcible sterilisation programme, are now turning back to her because of their insecurity under the Janata regime. Mrs. Gandhi is also studiously wooing the Muslim minorities who have always felt safer with the Nehru family.

Battle has not really been joined in the Hindi-speaking northern belt for the scars of Mrs. Gandhi's emergency have not healed. Indeed, in electoral skirmishes Janata has not done badly and is in no imminent danger, especially if *its leaders* sense the threat to them and are compelled to weld themselves together. Mrs. Gandhi is hoping *they will not be able to do this* and some believe that she is waiting for desertions that will bring about the much-discussed realignment *in Indian politics.*

Until her re-emergence, this was taken to mean that the former Congress elements in the Janata would combine with the Congress (then without Mrs. Gandhi) against the Jana Sangh and the Bharatiya Lok Dal (Indian People's Party) of the Home Minister, Mr. Charan Singh, to form the government. Now that Mrs. Gandhi has demonstrated that she is the Congress, *that realignment cannot take place.* This gives the Janata central government an unexpected *fresh lease of life,* especially if the official Congress throws its weight behind the ruling party.

Mrs. Gandhi's victories have, in fact, had a chastening effect *on the Janata factions.* The complacency that set in soon after the sweeping parliamentary victory last year is going. Janata leaders are again on the defensive, apparently helpless in the face of Mrs. Gandhil's onslaught. Their effort is now to contain her hand, ironically, rather than *wait for the official Congress to* come within the Janata fold. They are even willing to bolster an obviously weak faction with their own strength in states where Mrs. Gandhi's party is finding it difficult to form a government.

This kind of manoeuvring will gather momentum and cannot mean anything except that politicians will be preoccupied with party and partisan politics *rather than* with government or with policies. As it is, work in government offices has given way to speculation on whether the two Congress parties will merge, whether Mrs Gandhi will become prime minister, whether Janata will last and so on.

Indians at all levels are fascinated by *the intrigues of* their political masters and work slackens in direct relation to activity at the top. Such activity will be *prolonged* and distracting, and bureaucrats are still too demoralised after what they endured under emergency rule and since Janata ministers flexed their muscles to keep things moving, let alone take the initiative.

With the Finance Minister's calculated risk in presenting a budget with a record deficit, economic management will need close attention if inflation is to be contained and as the "rolling plan" is put into effect.

If political instability sets in—and the portents are there—the economy will be its first victim. This will help Mrs. Gandhi, and is another overwhelming reason for the Janata to close its *ranks.*

Interest rates ease

By Our Own Correspondent

BOMBAY, March 2.

THE maximum lending rate of scheduled commercial banks in India has been reduced to 15 per cent. The measure is part of the Janata government's attempt to stimulate the economy and was described by Dr. I. G. Patel, Governor of the Reserve (Central) Bank, as aimed at bringing down industrial costs.

Interest rates will fall from between three to less than one *percentage point depending on* the category of borrower. The move reverses the steady increase in rates that there has been since 1969.

The Reserve bank has also lowered the interest on five year deposits from 10 per cent. to 9 per cent. The government hopes to see more life savings flow into the capital market through nationalised life insurance institutions and unit *trusts.*

AMERICAN NEWS

Canadian foreign reserves fall sharply

OTTAWA, March 2.

OFFICIAL Canadian foreign reserves on February 28 were *$US3.7bn. down by* $US706.6m. from those of a month earlier, the Finance Department here said.

The change last month included an increase of $US31.7m in assets denominated in Special Drawing Rights (SDRs), reflecting an appreciation of the U.S. dollar value of the SDR.

The Department said that the February figures do not include the drawing of $US200m. on February 27 from the $US1.5bn. stand-by credit made available by Canadian chartered banks.

Meanwhile Mr. Robert Andras, President of the Canadian Treasury Board, announced in Ottawa supplementary spending estimates $C1.09bn. for the Canadian Government's fiscal year ending on March 31.

He said the Government still expects total expenditures for *the year to be within the plan*ned level of $C44.45bn. announced in February, 1977.

The main items in the supple*mentary estimates* included $C112.1m. to the Agriculture Department for support of agricultural products, $C233.5m. in payments to the provinces, and $C50m. for additional costs of servicing the public debt.

Agencies

Blumenthal asks Congress for limited aid to NYC

BY JOHN WYLES

NEW YORK, March 2.

THE CARTER administration today asked Congress to throw a strictly conditional life-line *to try to pull New York city back* from the renewed threat of bankruptcy.

Unveiling the plan to a House of Representatives sub-committee, Mr. Michael Blumenthal, the Treasury Secretary, stressed that action was needed to avoid a bankruptcy which could have very serious consequences for the city and New York state.

The administration's proposals fall somewhat short of what the city had been seeking, but are designed to maximise the possibility of endorsement by a Congress which has become impatient with the failure by New York to set its house in order.

In essence, the plan would enable New York to incur up to $2bn. of long-term debt, which would be backed by federal guarantees extending for up to 15 years. But this aid is conditional on New York balancing its budget by 1982, and on the creation of a financial control and monitoring board by New York state.

Emphasising that local leaders must co-operate fully, Mr. Blumenthal said New York clearing banks had given assurances. But pension funds must also give support, he said, and this meant acceptance of a mix of *guaranteed and non-guaranteed* loans.

The balanced budget objective had to be enshrined in a four-year budget plan which was in accord with generally accepted accounting principles. A further condition for federal aid, the Secretary said, was New York state legislation to facilitate the sale by the city of long-term bonds, by providing appropriate security and legal authority.

The federal government has turned down the New York city plea for a renewal of the seasonal loan programme introduced in 1975, which has enabled the city to borrow up to $2.8bn. a year. This money has had to be repaid within 12 months of borrowing.

The city had asked for a new four-year, seasonal loan programme, starting with $1.8bn. for the fiscal year starting on July 1 and declining to $1bn. in 1982. It had also wanted guarantees for $2.25bn. which would have extended for 20 years.

President Carter gave Mr. Edward Koch, the mayor of New York, an outline of his proposals last night and was commended by the mayor for wanting to lead the fight on New York's behalf. But the mayor clearly disagrees with the administration view that New York can satisfy its own short-term borrowing needs, and said last night that, should it fail to do so, the White House would be willing to take a second look at the problem.

The requirement to balance the city budget by 1982 sets the mayor an extremely tough task, and almost certainly pressages further cuts in services. The true acounting deficit for the year from July 1 will be about $1bn. and, according to Mr. Koch's projections, the deficit would have declined modestly to $954m. by 1982.

This estimate was based, however, on the probably unrealistic assumption that there would be no general wage increase for the city's 297,000 employees who have already lodged a demand for substantial pay rises this year. Federal strictures will strengthen the mayor's bargaining hand with the municipal unions. He needs the backing of their pension funds for purchases of short-term notes, and the unions will probably try to use the threat of withdrawal of support as a negotiating lever.

Senators hold secret session on gas prices

By Jurek Martin

WASHINGTON, March 2.

THE SENATE members of the Congressional joint conference committee on energy went into secret session to-day *in an* attempt to resolve the long deadlock over natural gas prices, one of the two stumbling blocks *preventing passage of the Energy* Bill.

They were being aided in their deliberations for the second day running by Dr. James Schlesinger, the Energy Secretary, who last night expressed optimism that a compromise solution on natural gas was in the offing.

This, it is generally agreed, would provide for the phaseout, over a number of years, of current controls on natural gas *pricing, with an immediate* increase in the price of new gas of rather more than the Administration would like and *rather less than the oil and gas* industry have been lobbying for.

Dr. Schlesinger came under strong pressure yesterday for some Senators who argued that the White House should agree to accept passage of a limited Bill, covering the three aspects already passed by Congress—coal conversion, utility rate reform and home insulation—leaving the other two, natural gas and the wellhead price on domestically *produced crude oil, until later.*

But the Adminisartion clearly believes that an Energy Bill without at least the natural gas provision would be too weak. It has become clear for some months that the wellhead tax is in deep trouble on Capitol Hill.

Yesterday, the White House blamed the lack of an Energy Bill for the current weakness of the dollar. This is an argument that has regularly been voiced over the past few weeks, but with minimum impact on Congress, which has simply not come round to the view that the *value of the U.S. currency is a* matter of major concern.

It is perfectly well understood by the Administration that whatever Energy Bill does emerge will have only limited effect on the level of oil imports for much of the next two years. The psychological importance of a Bill, however, would almost certainly outweigh the immediate practical impact it would have.

Latin America economy talks

By Joseph Mann

CARACAS, March 2.

REPRESENTATIVES of 25 countries from Latin America and *the Caribbean will meet in* Venezuela on April 3 to discuss co-ordination of regional economic initiatives under the auspices of the Latin American Economic System.

The group, known by its Spanish acronym of Sela, will hold its fourth ordinary ministerial meeting in Macuto, on the Caribbean coast. Sela which excludes the U.S., was founded in 1975 as a regional organisation intended to formulate common economic strategies among member states and develop a "code of conduct" for trans-national companies operating in the area.

Sela intends to set up a number of Latin American trans-nationals which would serve the region and diminish the influence of foreign companies. But this initiative remains at the planning stage so far.

SEC files suit against Textron

WASHINGTON, March 2.

THE SECURITIES and Exchange Commission (SEC) has filed a suit in a federal court here against Textron seeking documents on its business activities.

The agency had subpoenaed Textron on February 16, seeking various documents as part of an *investigation it had undertaken* examining the company's payments. But Textron, in a letter to the agency, said that it must decline to produce those documents without a court order protecting confidentiality.

Reuter

U.S. COMPANY NEWS

New United Technologies bid; Singer Company forecast; Royal Bank of Canada results—p. 24

Brazil has trade surplus but record foreign debt

BY DIANA SMITH

RIO DE JANEIRO, March 2.

THE BRAZILIAN foreign debt reached a record $31.2bn. last year, but there have been substantial economic improvements. This was the keynote of a message sent by President Ernesto Geisel to the federal Congress when it reopened yesterday after the Summer break.

The 1977 trade balance showed a surplus of $136m. compared with a $4.6bn. deficit in 1974. Exports had become more diverse in nature and found new markets, despite "protectionist measures adopted by cooling economies," he said, touching a theme which recurred frequently in the message. The total value of exports *in 1977 was $12bn.*, compared with $1.4bn. in 1964—the year in which the present military regime seized power.

Economic growth reached 5 per cent., GDP totalled $164bn., per capita income rose to $1,452, the President said. The inflation rate, which has gone far beyond 40 per cent. in recent years, was held at 38.8 per cent. in 1977, thanks especially to a sharp drop in the second half of the year when credit restrictions and import controls began to take effect. Foreign exchange reserves, the *President* said, reached the unprecedented total of $7.2bn.

"Brazil is an emerging power in search of economic affirmation, thus reducing its vulnerability and its dependence on the outside world." General Geisel said. Unequal and unfair distribution of income, and undeniable pockets of urban and rural poverty, were being reduced, he said. A sum of $18.3bn. (14 per cent. of GDP) was being applied to education, health and welfare, with notable results.

On foreign policy, the President *stressed Brazil's concern* with the peaceful use of nuclear energy. Its nuclear agreement with West Germany played a *key part in this.* He criticised "prohibitive attitudes" on the dissemination of nuclear know-how.

Constant dialogue with the U.S., he said, was helping both sides to understand each other's point of view. (Brazil is hoping for U.S. co-operation in increasing *Brazilian* exports in the face of widespread protectionism.)

As for political reforms and liberalisation (the subject of lively debate in the outspoken printed media here), the general hinted that it was now possible to consider abolishing "*exceptional laws*".

Marshall warns of intervention in coal dispute

By Stewart Fleming

NEW YORK, March 2.

MR. RAY MARSHALL, the U.S. Labour Secretary, has warned that the Carter Administration could move as early as Monday to try to force an end to the 87-day-old U.S. coal strike if miners do not vote in favour of the agreement this week-end.

In a statement clearly designed to try to persuade the 160,000 United Mine Workers (UMW) union members to approve the pact, Mr. Marshall conceded that the coalfields are in "ferment" over the Bituminous Coal Operators Association's (BCOA) offer.

Over the past two days, union leaders have been outlining the details of the proposed settlement to local district officials who to-day and to-morrow will be explaining the contract to their full membership. Judging from reports coming out of districts such as East Kentucky, the southern part of West Virginia, and sections of Ohio, miners are deeply divided on the three-year agreement they are being offered.

CUBA'S ECONOMY

More food and new cars despite the cost of war

BY HUGH O'SHAUGHNESSY, RECENTLY IN HAVANA

DESPITE THE war in the Horn of Africa and the continuing U.S. trade boycott, life for the average Cuban is getting slowly better in material terms. While it is rare for Havana to suffer from traffic jams, the number of cars on the streets has increased over the last two years and the vintage automobiles which seemed to be the rule in Havana in the 1960s are *now the exception.* *Clothing,* while still fairly drab, is much improved since the early 1970s. Basic foods are still on ration—the individual monthly allocation of sugar, for instance, is about two kilos—meat is scarce and the less common foods appear and disappear in the shops with bewildering irregularity. Nevertheless, the Cuban's diet is healthy if not always exciting.

A points system, similar to that adopted in Britain during the last war, regulates the distribution of many household items and women can expect to buy a lipstick for instance about every six months.

Among the principal complaints of the habanero (an inhabitant of Havana) are the state of the capital's public transport and housing. British Leyland buses are still doing good service, supplemented now by Japanese vehicles and buses with Cuban coachwork on a Russian chassis. But in the morning and evening rush hour waits are long and buses suffocatingly crowded.

The building of new housing has never kept up with demand and many homes in Havana are still very *cramped and in need* of maintenance. This year may see another big improvement in living standards. The overall economic growth rate for this year is forecast at 7.4 per cent against 4 per cent last year and 3.8 per cent in 1975.

Though there is little prospect of any big increase in the international sugar price. President Castro has said that the physical crop should be 15 per cent. up this year on the, as yet, unpublished figures of last year. Much of the sugar crop, the island's biggest export, goes to Cuba's partners in Comecon at prices above the world price.

The principal boost to the economy should come from greater productivity, thanks to new plants and factories which the Cubans have been energetically building during the first part *of this decade.* Even to-day, 44 per cent of the Cuban budget goes on productive investment.

Granma, the Cuban Communist Party daily paper, says that 180 new industrial projects will be completed by 1979. This will increase the availability of a big range of products from electric power and cement to polyester fibres and fertilisers. The Cuban government also hopes that its efforts in technical training will mean that Cubans will be able to handle new and existing factories with greater efficiency.

Despite the greater productivity on the horizon, President Castro is not promising a consumer boom in the immediate future. The accent, he says, must now be on exporting. "Hitherto," he said at the end of December, "everyone talked of what was needed, what was good, what was missing. Everyone talked of importing from here and there, from the socialist area, from the capitalist area. No one talked about exporting."

Despite the greater productivity on the horizon, President Castro is not promising a consumer boom.

Cuba's foreign trade experience has not always been happy in the 1970s. The *phenomenal rise* of international sugar prices to a record 66 U.S. cents per pound in 1973-74 tempted officials with the authority to import or order large quantities of foreign goods. Since the sugar price has fallen to under 10 cents and there has been little demand for another big Cuban export, nickel, hard currency receipts have fallen steeply.

As a result, for more than a year *now, Cuban officials* have been travelling the world seeking modifications of import contracts in order to staunch the import flow. In some cases the Cubans have used the fine print in contracts which specify shipment in Cuban vessels. Where the Government preferred not to take delivery, Cuban vessels did not appear.

Partly as a result of a wish not to repeat this unpleasant experience, state committees have been set up on an interministerial basis to co-ordinate policy. It also appears that the Cubans overplayed their hand in trying to obtain a premium price for sugar to be sold on long-term contract to Japan. The Japanese went elsewhere and Cuban sugar sales to Tokyo dropped from 1.1m tons in 1974 to 150,000 in 1976.

The very instability of sugar, at least on the world market, makes it urgent that Cuba should *develop reliable new sources of* income. Officials are hoping that investment in citrus will start paying off before long and that perhaps by the end of the decade Cuba will be among the world's leading citrus exporters. President Castro has even talked about exporting glass bottles and 10 per cent of the country's cement production.

Tourism, the Government hopes, will once again be a big *money earner.* The number of foreign tourists has gone *from* a mere 4,000 in 1973 to 70,000 last year. The target for this year is 85,000, continuing to rise rapidly as 21 new hotels are completed and Havana airport is expanded to accommodate jumbo jets.

If all these foreign currency earning schemes come off, Cuba should be in good shape to start repayment of the accumulated debt to the USSR as it falls due in the middle of the next decade.

Paradoxically, the military activity in Africa does not seem to be weighing too heavily on the Cuban exchequer. Gen Castro has claimed recently that expenditure on defence and internal security amounted to only 784m. pesos (£500m.) or 8 per cent. of a budget of 9.2m pesos. This expenditure was, he said, only about half the sum spent on public *health and education.* It is clear that keeping thousands of troops in Afria and elsewhere cannot be contained within this figure. The conclusion is that these foreign costs are being met by Cuba's allies.

Cuba's lot would without doubt be improved if the U.S. relaxed its embargoes on the island but President Castro has made it plain that he is not going to modify his policy of support for *African liberation movements* in exchange for a softening of the Washington line.

There remains, however, the *question of Cuba qualifying for* help from the international financial institutions. In his last major speech the Cuban leader said that "*imperialism with its* blockade" had shut these doors to Cuban applications. The clear implication was that Cuba would take money from these institutions if it could get its hands on it.

In this context it is interesting that the Soviet Union has made informal soundings about the possibility of Cuba getting access to the Inter-American Development Bank. Such access would be very valuable to Cuba.

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Ushiba for Geneva discussions

TOKYO, March 2.

JAPAN'S External Economic Affairs Minister, Mr. Nobuhiko Ushiba, plans to attend a Ministerial meeting of the General Agreement on Tariffs and Trade in Geneva on April 10, his office said.

Mr. Ushiba will meet at the talks the U.S. Trade Representative, Mr. Robert Strauss, and Mr. Wilhelm Haferkamp, Vice-President of the EEC.

The meeting, on the Tokyo Round of multilateral trade negotiations, is expected to discuss possible authorisation of import restrictions on specific countries under GATT's safeguard clause, Foreign Ministry sources said.

● Japanese car manufacturers predict negligible growth in their car sales in the U.S. and West Europe this year because of the Yen's appreciation and the increasing competition from American compact cars as well as new Japanese Government measures.

Toyota Motor Company, Japan's biggest car company, said it would not sell cars and other vehicles aggressively.
Reuter.

Japan will cut import tariffs on 124 items by an average 23 per cent. from Saturday in an attempt to increase imports and improve trade relations with other countries, the Finance Ministry said. The cuts were originally scheduled to take effect from April. The Ministry said the products covered by the cuts included computers, colour film, wines, Scotch whisky and brandy.

Peking-Tokyo accord to rely on long-term balance

BY CHARLES SMITH

TOKYO, Mar. 2.

JAPAN'S $20bn. long-term trade agreement with China is based on balanced two-way trade over the long run with deferred payments to cover an initial "bunching" of Chinese orders for Japanese plant and machinery, the Financial Times was told to-day.

Mr. Yoshihiro Inayama, chairman of Nippon Steel Corporation and the man who, as chairman of the Japan-China trade association, did most to conclude the new agreement, explained that the agreement, signed two weeks ago in Peking, runs for eight years and commits each country to buy $10bn. worth of the other's products.

Mr. Inayama said that "additional" trade flows created by the trade agreement (trade that would not have taken place if no agreement had been negotiated would amount on a rough calculation to about $2bn. a year more than "normal" two-way trade of some $3bn.

Averages, however, might be misleading because there would be a heavy concentration of Japanese plant and machinery export contracts in the early years of the agreement, with Chinese exports of oil and coal catching up in subsequent years.

The main Japanese export items included in the agreement are plant and technology (about $7bn. to $8bn. worth to be ordered over the first five years of the agreement) and construction materials and machinery ($2bn. to $3bn. with the possible exception of rails and pipes) but these are expected to continue at least at existing levels and to be negotiated on the traditional twice-yearly basis.

One reason why steel is not included, Mr. Inayama explained, is that it has been treated as a "cash commodity" up to now and thus does not fit into the basic framework of the agreement, which provides for Japanese exports to be financed by deferred payments.

The main Chinese export items covered by the agreement are crude oil (deliveries to rise from 7m. tons in 1978 to 15m. tons in 1982) and coal ("sample" deliveries in 1978 rising to 2m. tons of coking coal and 1.5m. to 1.7m. tons of steam coal in 1982) Mr. Inayama singled out the planned step-by-step increase in Chinese oil exports to Japan as one of the crucially important features of the agreement.

He suggested an eventual "notional" figure of 30m. tons a year for Japan's imports of Chinese oil but emphasised that that was nothing more than an idea to be used in planning invest in secondary cracking facilities in the Japanese oil industry (needed to deal with the special characteristics of Chinese oil).

Investment in secondary cracking facilities would be undertaken by the Japanese oil industry, not by the Government, Mr. Inayama said, but low-interest-rate loans would probably be available from the state-run Japan Development Bank.

Mr. Inayama said he felt it was possible that the long-term agreement might eventually result in Japan's increasing its share in China's global trade significantly beyond present levels (at which Japan is already easily China's largest trading partner).

Whether or not that happened would depend on whether other countries managed to work out long-term mutual trading arrangements with China. It was important to recognise, Mr. Inayama said, that China would not be willing to enter into a trade relations with another country if it promised to produce a serious deficit on the Chinese side.

Discussing the credit arrangements to be used for covering Japan's plant exports during the early years of agreement, Mr. Inayama said interest rates would conform to normal international practices but declined to say whether the "gentleman's agreement" on long-term lending would serve as a specific guideline. Credit could take the form of either buyer's credit or supplier's credit, at least as far as Japan was concerned.

On specific plant export contracts Mr. Inayama confirmed that Nippon Steel Corporation expected to be the main contractor for two main projects: one, the construction of a complete new integrated steel complex near Shanghai;; the other involving the modernisation of two of China's six existing steel plants.

British Aerospace for India

By Michael Donne, Aerospace Correspondent

A BID BY the United Kingdom aerospace industry to win further orders for aircraft, engines and equipment in India will be made later on March 14 when an exhibition of British aviation products opens in New Delhi. It moves to Bangalore on March 22.

Sponsored by the Society of British Aerospace Companies, the exhibition is aimed at promoting discussions with Indian military and civil aviation authorities on the possibility of selling U.K. products to India, or their manufacture under licence there.

Mr. Robert F. Hunt, president of the SBAC, says he wants to see constructive discussion on future aviation links between the two countries.

In addition to British Aerospace (both Aircraft and Dynamics Groups) and Rolls-Royce, 23 other aviation and associated companies will be participating including Cossor, Decca, Dowty, Dunlop, Ferranti, Flight Refuelling, Graviner, MEL, ML Aviation, Marconi-Elliott, Plessey, Short Brothers, Smiths Industries, Sperry Gyroscope and Westland Aircraft.

Particular emphasis is being placed on components and equipment, by such companies as Automotive Products, Avialift, Fairey Hydraulics, Firth-Derihon stampings, Normalair-Garrett, RHP Bearings and Trufio.

In New Delhi, the exhibition will be at the Hotel Ashoka and in Bangalore at the Vidhana Souda.

Bayer to stay in polyester market

BY RHYS DAVID, TEXTILES CORRESPONDENT

BAYER, the German chemical group, which announced last yeat its withdrawal from the overcrowded bulk polyester fibre market in Western Europe, has now decided to continue as a manufacturer of a speciality polyester line.

With most manufacturers throughout Europe losing money during the past two to three years on polyester filament and staple for apparel markets, Bayer decided last year to close down its Faserwerke Huls plant, jointly owned with Veba, the German oil group, and to drop production of Vestan 21, its bulk polyester.

A decision on whether to abandon its modified polyester Vestan 16 was postponed, however, and production at Huls has been maintained. The company has now announced that because of increased demand it will remain in production of Vestan 16 and will be moving certain specialised plant and machinery from Huls to another Bayer location, Dormagen.

Vestan 16 incorporates a number of special properties including high resistance to temperature and has found markets in floorcoverings, simulated fur, printed textiles and blankets. It is also being used as a filler fibre in quilts as a replacement for highly priced down and feathers.

The decision by Bayer to continue in production of polyester for these speciality markets is unlikely to make any substantial difference to the efforts throughout Europe to rationalise production and to bring down capacity in order to relieve the current grave surplus of supply in the European market.

The move is evidence nevertheless, of the reluctance of producers to abandon potentially promising markets to competitors. Bayer has already withdrawn from manufacture of nylon filament for the hosiery market though it remains a producer of nylon for other applications, including carpets.

Bayer's main fibre is acrylic and in a separate move yesterday the company announced plans to put more effort behind its Dralon brand name in the U.K. The name already enjoys a high level of consumer recognition as a quality furnishing fabric and Bayer is hoping to build on this by persuading more manufacturers and retailers to feature Dralon in their labelling and display material.

Brazil $50m. oil plan

Brazil's big oil conglomerate, Petrobras, and Exxon's Brazilian subsidiary, Esso Emprendimentos Petroliferos do Brasil, have signed a risk contract committing Esso to a $50m. investment in drilling for oil in four blocks: three in the mouth of the Amazon, one in the Santos Basin in the south (on top of the $16m. Esso has invested in drilling in the Santos area), Diana Smith writes from Rio de Janeiro. Soundings will begin next month.

Contracts

● Grands Travaux de Marseilles and its associates will construct a Rand 125m. harbour at Mngazana in Transkei. The consortium began a feasibility study last July and the project is expected to be completed in five or six years.

● NATO has exercised an $11.3m. option with Litton Industries for additional NICS/TARE computerised communications systems that will automatically relay telegraphic messages between various NATO facilities in the U.S., Canada and Europe.

● Instron has obtained orders to the value of £400,000 from the Soviet buying organisation, Mashpriborintorg, for seven material testing machines for a number of research establishments in the Soviet Union

● Technital has won a contract to plan and supervise the construction of a high-speed rail link between Riyadh and Dammam in Saudi Arabia, from the Saudi railroad organisation. Technital will also act as general consultant on rail development.

● Komatsu has won a Y6.4bn. order from Societe Nationale des Constructions Mecaniques (SONACOME), of Algeria for 320 bulldozers and other construction machinery to be delivered by next July.

● A £1.5m. order to supply three gas turbine compressor sets to the Dubai Natural Gas Company for use in the Fateh Field to deliver gas to the LNG plant onshore, has been won by Ruston Gas Turbines.

● ICL has obtained an £880,000 order for 80 of its 1500 Series of mini-computers from Northern Computing Services (NCS) of Newcastle, New South Wales.

Andersen optimistic on EEC trade talks

BY HILARY BARNES

COPENHAGEN, March 2.

The Danish Foreign Minister, Mr. Knud Andersen, said to-day on his return from a visit to Tokyo that Japan and the EEC will conclude a trade agreement designed to reduce the Japanese trade surplus with the EEC.

No deadline has been fixed for the conclusion of this agreement, but Mr. Andersen said that an agreement is on its way and Denmark will, in its capacity as chairman of the EEC Ministerial Council, be able to report this to the Heads of Government meeting in Copenhagen in April.

Mr. Andersen said that he believed one result of his visit was that he had made the Japanese understand that the EEC is a trade policy unit which negotiates on behalf of all nine members.

He said that he hoped that the Japanese Prime Minister, Mr. Takeo Fukuda, will accept an invitation from the President of the EEC Commission, Mr. Roy Jenkins, to visit the EEC in the near future.

"We did not go to Japan to face them with a deadline for the removal of customs barriers to EEC imports, but we let them understand that something must happen soon," he said. Mr. Andersen was in Japan as the representative of the EEC nations.

U.K. motor parts exports to U.S. may top $500m.

DETROIT, March 2.

BRITISH motor components industry representatives at the U.S. Society of Automotive Engineers exhibition here are confident that exports of parts and accessories to American manufacturers will top $500m. next year, according to a Society of Motor Manufacturers and Traders spokesman.

"In the past the bulk of our components export growth has been for the replacement market but the accent is now moving to original equipment," he said.

The 28 British companies exhibiting at what is often described as the most important automotive engineering show and conference in the world—report very encouraging prospects.

"American makers are building lighter cars but front-wheel drive will soon become commonplace here," the SMMT spokesman added. "Chrysler with their Omni and Horizon models have led the way on multinational sourcing but the future calls for multinational engineering as well.

"The groundwork done by British manufacturers and a strong presence in the same show for nine years means that the U.S. now appears to British suppliers to be a major source."

Lucas gains in Europe

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

GENEVA, March 2.

LUCAS ELECTRICAL, the U.K.'s leading automotive electrical equipment supplier, claimed yesterday that it now has a 25 per cent. share of the European market in this field.

New export contracts valued at more than £2.5m. have been won in Continental Europe in the last two years, the company said at the Geneva Motor Show.

These include orders for 200,000 alternators to be supplied over the next 12 months and substantial purchases by Fiat and Citroen who have traditionally bought their parts on the Continent.

Lucas is also negotiating with two major European vehicle manufacturers to supply DMC (dough moulding compound) headlamps the world's first headlamp with a plastic reflector.

This is a new means of lamp production devised and developed by Lucas to provide the flexibility demanded by modern styling techniques.

The British company, which has associates in both France and Italy, is now in the process of taking over Ducellier in France. Lucas says it is confident of pulling off the bid although it has stil to be authorised by the French authorities.

Iran navy orders sought

BY CHARLES BATCHELOR

AMSTERDAM, March 2.

TWO DUTCH shipyards with extensive experience of defence contracts said they are seeking orders in Iran, but said reports in the German Press that the Dutch stand to take Fls.2bn.-Fls.3bn. of an order worth a total of Fls.10bn. (£2.35bn.) were premature.

The largest Dutch yard, Rijn-Schelde-Verolme, which has built frigates, corvettes, and submarines for the Dutch and other navies, said it knew of Iranian plans to expand its navy and that the company is actively seeking orders in Iran, as elsewhere. But no order has been placed.

Van der Giessen-de-Noord, a yard that works closely with RSV and that specialises in mine detection vessels and smaller patrol craft, said it is also having talks in Iran.

Van der Giessen is building the hulls for 15 mine-hunters for the Dutch navy in a joint Dutch-French-Belgian project, and looking for orders to extend the production run.

Dutch to build £47m. dredger

BY JOHN LLOYD

AMSTERDAM, March 1.

STEVIN GROUP, the Dutch dredging concern, has placed a Fls.200m. (£47m.) order with Rijn-Schelde-Verolme for a semi-submersible self-elevating cutter dredger.

The vessel will be built at Verolme Dok en Scheepsbouw Maatschappij at Rozenburg, near Rotterdam, and is due for delivery in September next year.

Government support made it possible for the order to be placed with a Dutch yard, Stevin said.

The vessel is the first of a new generation of sea-going dredgers. It can be used in wave heights of up to three to four metres standing on its eight legs. If weather deteriorates it can continue working afloat on a storm anchor.

The platform is 100 metres long, 65 metres wide and 50 metres high and can accommodate a crew of 50.

HOME NEWS

Government urges less home lending

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE GOVERNMENT yesterday asked building society leaders to reduce their monthly lending quotas to help avoid an explosion in house prices.

The request—made at the Government's regular monthly meeting with the societies—has not been welcomed by the societies or the house-building industry. It will be discussed by the Council of the Building Societies' Association at its meeting in London next week.

It is expected that, in spite of opposition to any reduction in the mortgage lending programme — given Government approval *only a few weeks ago* —the societies will instruct branches to reduce the rate of loan approvals.

Implementation of the Government's request will not affect loans already in the pipeline, but should start to affect the societies' ability to grant mortgages from April onwards.

There is no clear indication yet of the extent of the likely reduction on the existing £720m. a month lending programme. There have been suggestions that as much as £100m. a month could be withdrawn, but the societies hope that the reduction can be kept to a substantially smaller figure.

Societies are anxious to emphasise that, whatever the scale of the cut, they will still be lending more than during last year as a whole.

Anxious

The Government's move comes after evidence that house prices in the first part of this year have been moving ahead much faster than anticipated.

Ministers are anxious to ensure that the market does not overheat and believe that the psychological effect of announcing a reduction in the availability of mortgage finance could be as effective in putting a damper on price rises as the cuts themselves.

Critics of the plan, however, suggest that it could increase demand further and stimulate inflationary prices.

The building societies who do not believe that the price rises now being recorded are anything other than short-term and are actually required if the housing market is to operate smoothly, will be watching closely to see what effect the lending cut has.

In the meantime, the funds they were planning to lend will be added to their already large surpluses and most probably invested in short-dated gilts.

There seems no chance that the prospect of still-growing surplus funds will encourage the societies to cut their interest rates in order to stem the inflow of new money.

The additional surplus created by the lending cut will not be big enough and inflow has in any case been falling off recently from its peak levels.

Editorial comment, Page 18

Sainsbury cuts bring a fifth more sales

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

J. SAINSBURY'S share of the highly competitive market for basic grocery products rose by more than a fifth in the weeks immediately following the launch of its discount programme in January.

According to research by the AGB company, Sainsbury's market share increased from 8.6 per cent. in December to 10.5 per cent. in the four weeks to February 4.

AGB monitors only the sales of certain big-selling grocery items, so the figures do not give a complete picture of Sainsbury's business, but they suggest that the company has notched up a healthy volume increase since cutting its margins.

Before last summer, when Tesco dropped trading stamps and adopted its cut-price strategy, Sainsbury's share of the grocery market, as monitored by AGB, was running at about 9 per cent.

In the second half of last year it fell to nearer 8 per cent., and it was partly because of this decline that Sainsbury's decided to launch "Discount 78."

Co-op loses

Ironically, the latest figures show that Tesco sales also improved last month.

Its share of the market went up from 11.4 per cent. to 12.4 per cent., which means that in this particular sector of the grocery market Tesco's sales are still ahead of Sainsbury's.

Most other multiples, including the two established discount chains, Asda and Kwiksave, are believed to have lost fractionally last month. The biggest loser seems to have been the Co-op, though despite the fall it remained far and away the biggest grocery retailer.

Sainsbury's, like AGB itself, has always emphasised that monthly figures can be misleading when taken in isolation.

But yesterday Mr. Peter Davis, Sainsbury's marketing director, said that the research confirmed its own figures, which showed that Discount 78 had improved the company's position in this very competitive sector of the market.

● The tea blenders saw officials from the Department of Prices for 3½ hours yesterday to discuss the Government proposal for imposing a price cut of 5p a quarter.

The meeting apparently broke up without agreement, but there is still a possibility that a compromise will be reached, avoiding the need for statutory controls.

U.K. top steel investor in EEC

BY ROY HODSON

THE BRITISH steel industry is investing more in new plant than any other member of the Community during the steel recession, according to EEC figures published yesterday.

Total planned steelmaking investment by EEC producers is calculated at nearly £1bn. Officials estimate that Britain's share will be about £200m. between 1977 and 1981, while the West Germans will invest £190m., and the French £175m.

The Brussels estimates of British investment plans appear to be on the modest side, however. Much more than £200m. will be needed to implement present plans to bring the five integrated steelworks of British Steel to optimum capacity by new installations which will balance iron and steelmaking at each plant.

The Government is discussing with British Steel the investment strategy for the industry, but it is unlikely to close semi-completed projects for achieving more efficient bulk steel production.

Moreover, the private sector of British steelmaking has a number of expansion and modernisation schemes in hand, including a £50m. investment at GKN's Brymbo plant in North Wales, new investment in special steels, and expansion plans at Sheerness Steel.

Cash limits

The Brussels estimates are low because they appear to be based on declarations made to the EEC of new investment up to 1981. Clearly a lot of steelmakers are not committing themselves to Brussels about intentions to proceed with their present investment schemes.

British Steel has been cutting back its investment during the current year to remain within its annual cash limits. The original programme of more than £600m. for 1977-78 has been scaled down to approximately £500m.

But a number of projects under construction will have to be paid for during 1978-79. Thus it is unlikely that British Steel will achieve dramatic reductions on its capital spending programme in the near future.

The figures and the quoted levels for British Steel's present investment programme do not take into account the ambitious project for doubling the size of the Port Talbot strip steel works, South Wales—virtually building a new works—at a cost of £835m.

That project has been suspended and is unlikely to be resurrected during the world steel recession.

CBI urges £3.6bn. income tax cuts to give growth incentive

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

Mr. John Greenborough (left) and Sir Adrian Cadbury, chairman of the economic policy committee, explaining the CBI's Budget proposals yesterday.

INCOME-TAX cuts costing £3.6bn. in a full year, which would make this year "a year of growth incentive," were urged on Mr. Denis Healey, Chancellor, yesterday by CBI leaders when they met him to discuss the *Budget*.

Mr. John Greenborough, president, said that the CBI saw "no prospect of this being an overheating stimulus," nor a "hostage to inflation." Instead, it would increase take-home pay and could make it easier to bring down the rate of wage increases when the new pay round starts at the end of the summer.

The confederation's proposals, which would cost £2.5bn. in the coming financial year, include a more ambitious demand for tax reductions for the higher paid on more than £21,000 a year.

Originally the confederation had wanted the top tax rate reduced from 83 to 60 per cent., with a 67½ per cent. stepping stone, in the coming financial year.

Allowances

In response to demands from members at its first annual conference last November and at its monthly council meeting two weeks ago, the confederation now wants the top rate on earned income to be cut to 60 per cent. in the coming year and to 50 per cent. in 1980-81.

Its other main tax proposals involve helping the lower paid with a 10 per cent. increase in personal allowances, cutting the basic rate of income-tax from 34 to 32 per cent., and widening personal tax bands to help those paid between £6,000 and £10,000.

In addition, the Chancellor is asked to discontinue the 2 per cent. surcharge on employers' national insurance contributions which the confederation estimates costs industry some £1bn. a year.

On Wednesday leaders of the confederation heard from Mr. Healey at the National Economic *Development Council* meeting that balance of payments constraints could limit the stimulus he would be able to give in the Budget next month. But yesterday Mr. John Methven, CBI director general, who was at the meeting, said: "We still think we have a chance of getting the £2.5bn. stimulus that our proposals would involve this year."

The confederation leaders feel that their figures are much more in line with what Mr. Healey will be able to afford than the TUC's demand for £3.8bn. reflation in the coming year and £4.7bn. in a full year.

The confederation's proposals are based on its medium-term programme up to 1981, which envisages 3½ to 4 per cent. annual growth rates in gross domestic product, the possibility of creating 1m. new jobs, and an average balance of payments surplus on current account of around £2bn. a year.

Yesterday, the CBI emphasised that it was "extremely concerned that the higher levels of public expenditure in the years to 1981-82, now proposed by the Government, would prove inconsistent with the realisation of the medium term objectives."

As a result, the scope for tax cuts would be "seriously reduced" as would the scope for improving incentives and efficiency.

"*The policies which we recommend are not designed, as some critics have suggested,* to encourage an unsustainable 'consumption bonanza'; or to consume the nation's capital," the confederation says about its medium-term programme in its written submissions to the Chancellor.

"Our tax proposals would raise the growth of private consumer spending by about 1½ per cent. a year over the next four years and largely reflect a switch away from public to private consumption. They would also encourage investment."

The confederation accepts that its ideas might contribute to a somewhat rapid reduction in the balance of payments surplus on current account, but adds: "This does not seem to be a sufficient *reason for scaling down the programme of tax reductions* or the expansion of the economy, provided that we can fairly quickly restore our international competitiveness, and if the growth of world trade begins to move upwards again towards its longer term trend of increase."

It also claims that the proposals are consistent with keeping the public sector borrowing requirement within the £8.6bn. figure mentioned in the Chancellor's letter last December to the International Monetary Fund.

The first of the confederation's main tax proposals for the Budget — increasing personal allowances by 10 per cent. — would save 1m. low paid people from paying income tax, so helping to alleviate the problem of the poverty trap.

This idea compares with the *TUC's* preference for a low 25 per cent. tax band on the first £1,000 of taxable income, which the confederation believes would be too expensive at a cost of £2.1bn. a year. It would also not take people out of the "tax net" and so would be of less help than the confederation's ideas to taxpayers on the lowest incomes.

The proposal to cut the basic income tax rate from 34 per cent. to 32 per cent. is a first step towards the confederation's target of 28 per cent. by 1981-82, and would help all tax-payers.

Next, the widening of personal tax bands so that the first higher rate of 40 per cent. is paid at £10,000 a year instead of £6,000, coupled with the cut in the top rate to 60 per cent., has been designed to help managers and other businessmen.

The confederation believes it would be a "morale booster" which would offset some of the effects of inflation and "restore incentives to people on whom the economy greatly depends for creating new jobs."

PROPOSED TAX-CUT CHANGES

		Cost in £m. 1978-79	Full year
1.	Increase personal allowances by 10%*		
	Less: effect of Government's announced intention to phase out child allowances and replace them with child benefits	— 350	— 400
	Sub-total	600	800
2.	Reduce basic rate from 34% to 32%	1,000	1,120
3.	Cut top rate to 60% from 83%, and widen the bands of personal income liable to each rate for example basic rate to be paid up to £10,000 instead of £6,000	1,500	1,500
4.	Raise all investment income surcharge thresholds by £500 (for example present minimum of £1,500 to £2,000)	10	55
5.	Capital Gains Tax reliefs	—	300
6.	Less: overlap effect of separate costings of income tax changes	(130)	(180)
		2,480	3,595

* In addition to the 12 per cent. increase in the main allowances announced by the Chancellor in October, 1977 which have already been implemented and are estimated to cost £1,200 million in 1978-79.

Chemical industry warning

GOVERNMENT proposals for new contract conditions on pay guidelines could erode confidence in the British chemical industry and so hit investment levels, Mr. Martin Trowbridge, director-general of the Chemical Industries Association said yesterday.

In a letter to the chief executives of the association's 300 member-companies, Mr. Trowbridge added that because the chemical industry is highly capital-intensive and needs to plan a long way ahead it is particularly worried about this aspect of the proposals.

But it also associates itself with other objections that have been made by the CBI.

Mr. A. Stuart Woodhams, the association's president, wrote this week to the Prime Minister setting out the industry's special fears about the proposals. Mr. Trowbridge has also asked association members to publicise and support this view in all ways open to them.

In his letter to the Prime Minister, Mr. Woodhams said: "I hope you will very soon be able to make a categorical and reassuring statement that it is not your intention to introduce any open-ended clauses into Government or Government-influenced purchasing contracts, or as regards conditions to be applied to Government financial support of industry."

Merthyr estate opening to-day

PHASE ONE of Merthyr Tydfil's Industrial Park will be opened officially to-day by Mr Tadao Kato, the Japanese Ambassador.

The ceremony will mark the completion of building work on 14 factories and warehouses on the estate, being developed by Brecon Industrial Developments *in conjunction with* Merthyr Tydfil Borough Council.

Leyland equity plea to be heard today

BY OUR MIDLANDS CORRESPONDENT

A REQUEST by British Leyland for the creation of about £400m. of new equity capital, will be considered to-day by the National Enterprise Board.

The finance is an important element of the £850m. sought by Mr. Michael Edwardes, the chairman, as part of his five-year plan for the company.

Sir Leslie Murphy, chairman of the Enterprise Board, Leyland's main shareholder, has made it clear that the next injection of funds should be equity. But how much, how quickly, and in what form the money should be advanced will be debated today.

Support from the Board for reorganisation of the company's finances is only the first hurdle for Mr. Edwardes. The five-year plan will be forwarded to Mr. Eric Varley, Industry Secretary, who must ensure that he can get both Cabinet and Parliamentary approval *for any proposals*.

Mr. Varley met strong protests from the Conservatives this week when he said in the Commons that the next injection of public money into British Leyland should not be accompanied by specific conditions relating to productivity and other issues.

The Government's main hope of winning Parliamentary support for additional funds must rest on the hard line it has taken towards the State-owned concern recently.

There has been no intervention by the Government to overturn the politically embarrassing Leyland decision to close the Speke assembly plant with the loss of about 3,000 jobs.

● The National Enterprise Board has invested £140,000 in a sports equipment company in Newcastle, the first investment approved by its regional board in the north.

Midland Bank extends area office experiment

BY MICHAEL BLANDEN

MIDLAND Bank is planning a extension of its experiment in developing its branch banking network which began early this year.

The experiment involves creating centralised area offices aimed to deal with the more specialised needs of the bank's business and professional customers, leaving other branches to operate as so-called "service branches."

Schemes have already been launched this year covering 21 branches in the Newcastle, Sunderland and Southampton areas. It is to be extended, probably over the next 18 months, to 102 of the Midland branches in Leeds, the Home Counties, Norwich, Bristol, the West Midlands and the London south-west region.

The experiment offers one solution to one of the main problems facing the big clearing banks, to make profitable use of their extensive and increasingly costly branch networks.

EEC rules out flood cash aid

By Christopher Dunn

CASH AID from the European Community for victims of the recent *blizzards and floods* in the South West has been ruled out for the time being by the EEC Commission in Brussels.

Mr. Peter Mills, Conservative MP for Devon North, called yesterday on the Government to give part of the £1m. already allocated to the U.K. by the EEC disaster fund to the West Country.

Sir Henry Plumb, National Farmers' Union president *promised continued* pressure on the Government and the EEC to provide aid for West Country farmers, many of whom were not insured against substantial livestock losses.

The Commission in London stressed that aid for the West Country in future had not been ruled out. About £2m. remained in the Disaster Fund. But another spontaneous gesture, similar to the help given recently to Scotland and the South East of England would not be made. The U.K. Government would have to make a formal application for assistance this time.

No formal approach had been made to the EEC about funds to the West Country, the *Department of Environment*, said.

Cover for livestock in the open was not generally available, the National Farmers' Union Mutual Insurance Society said.

More stockbrokers ask Healey to limit economic stimulus

BY DAVID FREUD

TWO MORE leading firms of stockbrokers have joined the growing call to the Chancellor against over-stimulation of the economy in next month's Budget.

One, Laing and Cruickshank, says that a £1.5bn. stimulus is the maximum that Mr. Healey will be able to manage within the present forecast for the public sector borrowing requirement.

However the borrowing requirement figure could later be revised downwards if there was a shortfall in public sector spending.

This would allow room for a July package worth about £500m. with a cut in direct taxes "nicely timed to support tough negotiations prior to Stage IV."

The firm takes a gloomy view of world economic prospects, with stability in the U.S. dollar brought about by monetary measures causing an international recession in 1979.

In the U.K. total output growth is forecast not to exceed 2.7 per cent. in 1978, held back by sluggish world trade, high import penetration, monetary controls and rising inflation.

Although mid-year inflation rates of 7-7.5 per cent. are now assured, says the firm, incomes growth of 15 per cent. per annum seems likely to push the rate to 11 per cent. by the end of the year even if raw material prices show no change.

De Zoete and Bevan, the other firm opposing over-stimulation of the economy, says that there are four important reasons why the fiscal stimulation contained in the spring Budget should be modest:

● If the expansion of the money supply continued over the coming months, as seems likely, the growth in domestic demand would be considerably greater than the long-term trend suggests.

● Current account surpluses are required this year and next which at least match planned external debt repayments.

● Likely demand for money must be accommodated within money supply targets that are little changed from those for this year.

● The public sector borrowing requirement must not be allowed to be on a rising trend when private sector demand is reviving.

Tether: A question of principle

MR. C. GORDON TETHER, former Financial Times columnist, told an industrial tribunal yesterday that a directive from Mr. Fredy Fisher, the editor, restricting the range of his writing, came "like a bolt *from the blue*."

Mr. Tether, aged 64, who wrote the Lombard column for 21 years, claims he was unfairly dismissed 16 months ago. He seeks reinstatement.

He described a telephone conversation with Mr. Fisher in July 1974 about his role as Lombard. A letter three days later told him that "like any other journalist on this paper" he was subject to the direction of the editor. It said he should confine himself to subjects in which he had expertise.

Mr. Tether said that this instruction could have destroyed his work and reputation. He dismissed Mr. Fisher's assessment of the readership appeal of his work as "a nonsense," of no more interest to readers than the opinions of Joe Bloggs.

Mr. Tether said that it was quite clear that Mr. Fisher was willing to discuss only the implication of the directive, not its principle.

If he had discussed the points of the directive he would, by implication, have been regarded as accepting its principle. He said he could not be seen to be acquiescing in something which was a breach of his contractual position.

Mr. Tether said that he was puzzled by Mr. Fisher's allegation that he was often not available for consultation. He said that he would be contacted at any reasonable time.

Sir Gordon Newton, the previous editor, could not recall in his evidence any occasion when he was worried about the accuracy of the Lombard column said Mr. Tether. But one had the impression from Mr. Fisher's evidence that there was a great furore every day at the Financial Times about points which could not be verified.

This was nonsense, claimed Mr. Tether. He always knew what he was talking about.

Earlier, commenting on an exchange between Mr. Tether and Mr. Thomas Morison, counsel for the Financial Times, the Tribunal's chairman, Mr. William Wells, QC, said: "While we could not in every detail associate ourselves with Mr. Morison's conduct of the case, we would wish to state with emphasis that he has retained our entire confidence as an advocate performing his duty conscientiously, skilfully, and with restraint in circumstances of very great difficulty."

Mr. Wells said the Tribunal hoped that some moderation on Mr. Tether's part would be conducive to the smooth and speedy conduct of the hearing.

The hearing continues to-day.

Car-sharing insurance cover warning

By Our Building Correspondent

MOTORISTS were warned yesterday by Mr. John Horam, Under-Secretary of-State for Transport, that although the Transport Bill, now under discussion in the *Commons*, would make car-sharing schemes legal, their present motor insurance arrangements may not cover them for liability towards passengers.

Car sharing schemes would allow car drivers without public service vehicle licences to accept payment from passengers towards the cost of a journey.

Mr. Horam told the Commons standing committee considering the Transport Bill that the Government would be holding talks with the insurance industry about providing cover for motorists taking part in car-sharing schemes.

He ruled out any Government *action for compulsory cover* because it would put up the premiums for the average motorist who had nothing to do with car sharing.

This attitude was described as "horrifying" by Mr. Peter Fry, Conservative spokesman on transport, who accused the Government of running away from its responsibilities.

The Accident Offices Association said that at present, as long *as a passenger makes a contribution* only towards the cost of petrol on a pro-rata basis then the motorist is not considered to infringe the normal "hiring" exclusion clause on private motor insurance contracts.

The legalising of car-sharing schemes could cause tremendous problems for the motor insurance industry.

Energy policy 'must call for sacrifice'

BY DAVID FISHLOCK, SCIENCE EDITOR

NATIONAL ENERGY policy must inevitably, at some point, call for "real sacrifice" by the public, and this policy will not readily be accepted, an expert committee on energy saving has concluded.

The Watt Committee on Energy *calls for tougher legislation to* promote energy saving, and incentives for householders to cut their fuel bills.

The committee is a group representing the professional institutions and learned societies of Britain, under the chairmanship of Dr. Jack Chesters.

Its third report, published yesterday, says that although new energy sources can be developed, they may not be ready soon enough to replace dwindling oil and gas resources.

Until the new technologies can be brought into service, both industry and the private individual must be motivated to save energy.

The report on the rational use of energy recommends that an energy discounting factor might be published, which could be used to assess energy saving propositions. It would be kept *constantly under review* as the value of energy changed.

Another recommendation is that a proportion—perhaps 10-20 per cent.—of a consumer's fuel bill should be allowable free of tax, under the supervision of an auditor.

Other recommendations are:

1.—The existing Government loan scheme should be amended, not only as interest rates vary but to do more to encourage the financing of Government-approved energy conservation schemes.

2.—Every effort should be made to make all consumers more aware of the importance of using energy more rationally.

3.—The rebuilding of Britain should begin as quickly as possible, to relieve short-term unemployment, and to this end a "significant portion" of North Sea revenues should be allocated to ensuring the rational use of energy.

The Rational Use of Energy. Watt Committee Report No. 3. Institution of Mechanical Engineers, 1, Birdcage Walk, London SW1H 9JJ. £8.

Courtaulds to sell mill

COURTAULDS is to sell its weaving mill at Skelmersdale New Town for £3.75m. It was completed in 1969 at a cost of £8m. and was the largest textile weaving plant in Western Europe before its closure last year.

The company laid off 700 workers when it closed the factory and efforts to re-open it on a co-operative basis failed. The 624,000 square feet building, which includes 30,453 square feet of offices, is believed to be the largest modern factory for sale in Europe.

National Carriers to charge more

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

NATIONAL CARRIERS, which made the first annual trading profit in its history last year, will put up its parcels network charges by between 7.5 and 9 per cent. in May.

Mr. Brian Hayward, managing director, said yesterday that he did not expect further increases in rates this year because National Carriers had restored more effective margins by a tough pricing policy last year. Last year, there were two increases, amounting to 21 per cent., which yielded 17 per cent. after customer resistance.

Precise decisions on the May 22 increase are being left until the contents of the Budget are known.

Mr. Hayward said that National Carriers' turnround from a £4.1m. trading loss in 1976 to a £212,000 profit last year was due to improved productivity from a 5 per cent. smaller workforce, effective pricing and a more diversified product mix.

Although the volume of parcels business fell again by about 8 per cent., there was growth in the contract hire operation and in some of the specialised transport services for the textiles and pottery industries. Overall revenue was up by 10 per cent. to £88.5m.

National Carriers stands to benefit considerably from the financial reconstruction of its parent, the National Freight Corporation, in the Transport Bill now before Parliament.

The company has calculated that the write-down of asset values, relief from pensions and travel expense burdens, associated with National Carriers' origin as a railway company, and provision of interest-free capital for a period, will take it into net profit for the first time next year, if the Bill completes its passage by July. Net loss last year was £5.9m.

It is budgeting for a £1.5m. trading profit this year and a £3.2m. surplus next year, a growth rate slower than in the last two years.

This slowing relates partly to a "hiccup" in Carriers' business caused by loss of a large slice of business with F. W. Woolworth, 60 per cent. of which has been recovered in a contract hire deal. This deal alone is worth £2.9m. a year.

National Carriers reports good progress from its new subsidiaries Fashionflow, Chinaflow, Renova and its newest offshoot, the mail order and direct *delivery small van service*, Homeward.

It predicts a £1m. turnover for Homeward this year and says that it is unable to handle the volume of sales interest generated by the launch last autumn.

A less successful area is the collection and delivery service provided for British Rail's express parcels services. These have continued to lose volume and money, resulting in a 7 per cent. cut in the National Carriers fleet on the service last year.

In May National Carriers plans to launch Medallion 78, a premium express parcels service, to build on the existing Yellow Diamond and Medallion assured three-day delivery operations.

HOME NEWS

Makers need less cash for stocks

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE AMOUNT of additional money needed by industry to finance its holdings of stocks of finished goods and raw materials fell sharply during the second half of last year.

Official figures published in the latest issue of Trade and Industry show that the increase in the book value of manufacturers' and distributors' stocks during the last three months of the year was £727m.

This came after a rise of £827m. in the third quarter and an increase of £3.21m. in the first half of last year.

The sharp drop in the amount required for this purpose reflects both a switch from a rise in the physical level of stocks in the first six months of last year to destocking in the second half and the slowdown in the rate of inflation from the summer onwards.

These figures suggest that even though the rate of increase in published profits slowed down last year, the underlying financial position of the company sector probably improved because less was required to finance additional stocks.

It is likely that the increase in the book value of manufacturers' and distributors' stocks will remain at about the recent lower level in the first half of this year because of the slowdown in inflation.

Further drain

Similarly, a build-up in physical stocks may be relatively small until later in the year.

However, a further drain on the cash flow of companies may be the expected rise in capital investment.

The increase in the level of industry's physical stocks last year was £361m. (at 1970 prices), as announced last week, while the rise in book value at current prices was £4.57bn.

This came after an increase in book value of stocks of £6.13bn. in 1976 and of £3.23bn. in 1975.

Engineering output rises marginally

BY OUR INDUSTRIAL STAFF

THE ENGINEERING industries showed a marginal rise in production in the third quarter last year compared with the previous three months, but output was still below that of the first three months of 1977.

In mechanical engineering weak demand contributed to a 4 per cent. fall in output below the 1976 average, but production in the electrical and instrument sectors rose by 2 and 5 per cent respectively in the same period.

Most of the marginal overall improvement in engineering was the result of a good performance from high technology companies in electrical engineering.

Figures by the Department of Industry yesterday in its journal Trade and Industry showed that the biggest improvements in this sector came from production of batteries, domestic electrical equipment, telecommunications and electrical machinery due to rising demand.

The biggest rise of all was in computers, where the production index jumped to its highest point since 1974.

In the third quarter of last year the index for computers stood at 211.4, compared with 184.2 in the second quarter. (100 in 1970.)

The index for electrical engineering as a whole stood at 115.1 for the third quarter, compared with 110.8 for the previous period. This compares with the fall in instrument engineering from 118.0 in the second quarter to 116.3 in the third quarter. The only rise in this sector was in output of watches and clocks.

For mechanical engineering the fall was less marked, from 94.5 to 94.3. The overall marginal rise for Britain's combined engineering industries was 1.4 to 103.5, in the third quarter.

U.K. set for 20 years' growth, says Minister

BY OUR INDUSTRIAL STAFF

BRITAIN can look forward to 20 years of continuous growth on the pattern enjoyed by the U.S. and West Germany, Mr. Alan Williams, Minister of State at the Industry Department, said at the start of a Government campaign to attract overseas investment to the U.K.

Mr. Williams said the overseas investor would be welcome in Britain on the same basis as any domestic investor. In an 80-page report on growth in Britain, in this week's Trade and Industry journal of the Industry Department, he outlines six reasons why he believes Britain is attractive for investors.

Productivity in companies in "virtually every sector" of British industry was as high as that in competitive countries. Inflation was now below 10 per cent., "and there are hopes that it will remain so for the rest of 1978."

By 1980 a fifth of Britain's electricity would come from nuclear sources; there is enough coal to last 300 years at present rates of use; North Sea oil is meeting half our domestic needs and by 1980 would contribute £5bn. a year to the balance of payments.

There was also a range of regional incentives for industry and most of British industry was "very free" from industrial unrest.

The campaign will be taken to Scandinavia this month with Invest in Britain seminars held in Norway on March 9 and in Sweden on March 16.

Malt drinkers boost Scotch export sales

WHISKY exports rose by 6.96 per cent. in volume to 7,097,000 proof gallons and by 16.2 per cent in value to £40.58m. in January.

Bulk malt shipments were up 174 per cent. at 730,000 proof gallons bulk, but blended whisky shipments fell by 10.8 per cent. to 1,073,000 proof gallons. Their value dropped 23.5 per cent. to £5,477,000.

Blends shipped in bottle rose 2.57 per cent. to 5.2m. proof gallons, while their value went up 15.64 per cent. to £33.53m.

Gin exports rose 19 per cent. to 399,000 proof gallons and their value rose by 25.96 per cent. to £2.65m. Vodka was down by 3.57 per cent. at 27,000 gallons, although value was up 1.9 per cent. Rum fell by 44 per cent. to 53,000 proof gallons.

World consumption of Scotch was static last year, although the home market declined slightly.

However, production is thought to have risen by just over 8 per cent. to 151.88m. gallons, which suggests that the industry has returned to its former growth patterns.

● Increased eating-out in England and Wales is thought to have led to the 12 per cent. increase in on-licences in the past ten years. The number of pubs registered last year (65,543) was higher than in 1976, but lower than in 1967. The number of off-licences and clubs also increased last year.

RAC policy saves 15%

THE RAC has arranged for the National Employers Mutual Insurance Association to market a new motor insurance policy giving RAC members a 15 per cent. reduction on normal comprehensive car insurance rates.

Mr. Tony Andrews, commercial director of RAC said yesterday that this reduction reflected the safe driving record of RAC members. The underwriters dealing with the organisation for many years realised that in general members were good risks and this had been acknowledged in a practical manner by reducing rates.

A RAC policyholder who had enjoyed the maximum no claims discount for the company for two consecutive years also would not forfeit that bonus over just one claim within any one period of insurance.

Top stores for new complex

THE LEADING stores have signed agreements for space in the new regional shopping complex, Queensgate Centre, being built on a 15-acre site in Peterborough city centre.

John Lewis Partnership, British Home Stores, Littlewoods, Boots and C and A will occupy two-thirds of the shopping space at the centre, which will include 90 other shops.

The Development Corporation, which is handling the project, said a £24m. agreement had been signed with the Norwich Union to finance the project.

Work on the centre is due to start on April 12, and it is expected to be completed by the spring of 1981.

House deal scheme could cut costs

By Our Building Correspondent

THE COST to home buyers of conveyancing could be reduced by at least a quarter if solicitors accepted title insurance and if building societies accepted a title guarantee.

This claim was made yesterday in London by a U.S.-based company, CTI-Dominion Title, which started operations in the U.K. in 1973 and which claims to be the only company engaged in this type of insurance.

In a submission to the Royal Commission on Legal Services, the company says that solicitors conventionally charge £5 per £1,000 of the purchase price of a property to cover what they describe as the "risk-indemnity factor." But CTI-Dominion says title insurance would cover that risk at £2.50 per £1,000 and give wider coverage than that provided by the Land Registry.

The Law Society said in a statement: "Claims are increasingly made that people can cut the cost of buying a house by paying out money for a title insurance policy. The public need to know that in the great majority of cases title insurance is an entirely unnecessary expense.

"What the house buyer wants is a home that is his without interference, not a claim for compensation under an insurance policy, a claim which may be repudiated."

New advisory group on environment

BY RAY DAFTER, ENERGY CORRESPONDENT

THE GOVERNMENT has set up an independent commission to advise on energy policy and the environment.

The move follows a recent recommendation by the Royal Commission on Environmental Pollution.

Among the new commission's tasks will be to examine the possible effects of energy projects on land-use planning and rural and urban environments.

Mr. Peter Shore, Environment Secretary, told the Commons yesterday that the commission would have a diversity of interests which would allow it to consider the environmental implications, both national and global, arising from the production and use of coal, oil, nuclear power, gas and electricity in the U.K.

It would also examine the environmental side of renewable energy sources and concern itself with pollution.

The commission will be linked with the Royal Commission on Environmental Pollution, the Energy Commission and other bodies in the energy and environmental fields through having many of the same members.

The chairman will be Sir Brian Flowers, Rector of the Imperial College of Science and Technology, chairman of the Royal Commission on Environmental Pollution between 1973 and 1976 and a member of the Energy Commission.

Dr. T. J. Chandler, Master of Birkbeck College, London, and a member of the Natural Environment Research Council; Dr. A. H. Chilver, Vice-Chancellor of Cranfield Institute of Technology and a member of the Royal Commission on Environmental Pollution; Dr. J. G. Collingwood, a director and head of research at Unilever and a member of the Royal Commission on Environmental Pollution; Mr. A. G. Derbyshire, partner in Robert Matthew Johnson-Marshall, planning consultants, and a part-time member of the Electricity Board; and Professor Sir Richard Doll, Regius Professor of Medicine, Oxford, and a member of the Royal Commission on Environmental Pollution.

Also included will be: Professor Sir William Hawthorne, Master of Churchill College, Cambridge, chairman of the Advisory Council on Energy Conservation and a member of the Energy Commission; Professor F. G. T. Holliday, professor of Zoology, Aberdeen University, and chairman of the Nature Conservancy Council; Dr. A. W. Pearce, chairman of Esso (U.K.), a member of the Advisory Council on Energy Conservation and a member of the Energy Commission; Mr. Michael Posner, Fellow of Pembroke College, Cambridge, former deputy chief economic adviser to the Treasury and a member of the Advisory Council on Energy Conservation; and Sir Francis Tombs, chairman of the Electricity Council and a member of the Energy Commission.

Councils to check concrete dealings

Financial Times Reporter

TWO Midlands borough councils are to examine their financial dealings to see if they suffered from the price fixing agreement operated by concrete companies in their areas.

The two companies, Mix Concrete and Ready Mixed Concrete, have informed the Office of Fair Trading that they were party to price fixing agreements in the area up until last year.

Under the restrictive practice legislation, it is unlawful for competitors to fix prices without first notifying the OFT. Failure to register means that the agreements are automatically void and that aggrieved customers can sue for damages.

Last year, following a disclosure in a trade magazine, several major concrete companies admitted operating unregistered price rings.

The Kettering and Wellingborough Borough Councils built two large shopping centres while unregistered agreements were being operated in the area.

The councils are now trying to establish whether they paid more than necessary for their concrete.

More Home News on Page 26

New writs against Miller's estate

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

PEACHEY PFOPERTY Corporation has issued three new High Court writs against the estate of the late Sir Eric Miller, taking its total claims to £693,000.

Sir Eric, who committed suicide last September, was forced from the Board of the property group earlier in the year.

Peachey's former chairman and managing director, he left during a row over his management and personal use of company funds that resulted in investigations by the Fraud Squad, other sections of the Metropolitan Police and the Department of Trade.

Before his death, Sir Eric had repaid Peachey about £300,000 of personal expenses. But four writs were subsequently issued by the company claiming repayment of a further £265,000.

Now, Peachey has issued the new writs against Lady Miller, Sir Eric's widow, in her capacity as executrix of his estate. The writs claim a total of £428,000.

The writs were issued on behalf of Anthony Hutley and Partners, Peachey's estate agency and service subsidiary.

The first, for £220,000, is against Lady Miller and Loews (Great Britain) the American Hotel group subsidiary that runs Peachey's Churchill Hotel in the West End of London. Sir Eric entertained lavishly at the hotel when he ran Peachy. A second writ, claiming £116,000, alleges breach of trust, duty and covenant.

The third writ, issued this week, relates to Hutley's account with the West End jeweller, Asprey and Company. Sir Eric's estate is asked for the return of £80,000 and £11,600 covering jewellery purchases on the subsidiary's account.

ITEL computer growth

IN A Financial Times survey article on the computer industry, published on February 21, ITEL, one of the fastest growing computer companies, was incorrectly spelt as Intel. The statements about this company's efforts to displace IBM's biggest machines and its use of shorter production runs and simpler designs should have referred to ITEL.

ITEL has just reported 1977 sales of $402m. ($260m.) and profits of $31m. ($16m.). It has sold 100 of its Advanced Systems (AS-5 and AS-4) computers world-wide and installed 55.

In Europe, 35 have been sold and 12 installed. Late last year ITEL introduced the AS-6, a Hitachi machine which ITEL will sell world-wide, excluding Japan, and which has been designed as a replacement for the IBM 3032.

Immigration level has declined, says Lane

By Philip Rawstorne

MR. DAVID LANE, chairman of the Commission for Racial Equality, said last night that Britain was "in peril of talking itself into a crisis" over immigration and race relations.

Speaking at a rally organised by the Inter-Faith and All-Party Committee for Racial Justice in London, Mr. Lane called for "calm analysis and careful policies."

On immigration, the former Tory Home Office Minister said there should be more respect for the facts. "Britain is not being swamped by immigration. The level is already declining and likely to decline further. Our doors are not wide open to newcomers or to illegal immigrants. The control is already firm and restrictive."

Appealing for more sensitivity and more confidence in the country's resilience, Mr. Lane said the real danger did not lie in immigration but in disharmony, disillusion, fear and frustration engendered by racial discrimination and disadvantage.

The menace of racialism had to be prevented from poisoning society, he declared. "It is vital, in particular, to show up the real nature of organisations like the National Front who use Britain's national flag but flaunt a philosophy that is alien to our whole tradition of decency and humanity."

The debate should be swung from immigration to race relations, with concerted action to reduce unemployment and urban deprivation, to raise the quality of housing, education, and to improve relationships.

Former Tory Environment Minister, Mr. Peter Walker, told the 3,000 people attending the rally that the country's "frightening" race relations scene could be transformed by providing more resources to ensure equality of opportunity in housing, education and employment.

Legal action could not end discrimination, he said. "It is no use creating a situation in which we can boast that the black has a mouthful of legal rights but an empty stomach and is living in a hovel."

Churches and their congregations should move to offer immigrant communities friendship, understanding, help and guidance. Students, instead of organising protest rallies against racialism, should provide practical help and encouragement.

Within 10 years, determined government and individual goodwill "could transform what today is a deteriorating and frightening scene into one of the great success stories of this century," he said.

Thatcher pursues job figures apology

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE Prime Minister came under attack in the Commons yesterday over an admission from Mr. Albert Booth, Employment Secretary, that he had given the House incorrect comparisons between British levels of unemployment and those prevailing in other OECD countries.

Mrs. Margaret Thatcher, the Conservative leader, seized on this as a chance to put the Government in the dock over Britain's high unemployment figures.

She said the apology by Mr. Booth proved that the U.K. had done worse in the employment field than most of its competitor countries—the charge which the Tories had been making all along in the face of fierce Government denials.

Mr. Callaghan tried to refute this by arguing that Germany's unemployment figures were rising faster than ours. But this defence fell rather flat when Mrs. Thatcher pointed out that the percentage of unemployed in Britain was twice that of Germany.

The wrangle over the OECD statistics goes back to the unemployment debate in the Commons on January 30. On that occasion, Mr. Booth attacked Mr. James Prior, shadow Employment Secretary, for saying on radio that Britain had a worse unemployment record than any of its major competitors.

Mr. Booth denied this at the time and said that OECD figures, given last December, showed, on a comparative basis, that Britain was seventh in the league with the U.S., Canada, Italy, Belgium, Denmark and Finland having higher unemployment percentages.

But last Tuesday, Mr. Booth apologised and agreed that the figures he had given were not comparable and not adjusted to take account of the national definitions of unemployment.

Yesterday, Mr. Tim Smith (C, Ashfield) argued that as Mr. Callaghan had been using these "bogus" figures he, too, should apologise.

It was clear, said Mr. Smith, that the Government was using unfair comparisons on unemployment in this country and it was now higher than any of our international competitors.

The Prime Minister tried to dismiss the matter summarily by saying that Mr. Booth had taken an incorrect table and used it. There was no more to be said than that.

Mrs. Thatcher, however, was not prepared to let the matter rest. She saw it as conclusive proof that the Labour Government's record on unemployment was now worse than most of our industrial competitors.

It meant those countries that put competitiveness at the top of their list of priorities had done better on employment than we had. As a result, they also had our markets and our jobs. She demanded to know what the Government's policy was for making British industry more competitive.

There were cries of disbelief from the Tories when Mr. Callaghan retorted that Germany, our biggest competitor in Western Europe, had a worse record on employment than Britain. In Germany, he said, unemployment had increase by four times since 1973.

"Germany, of course, is the prime exemplar of the market economy to which you refer," he told Mrs. Thatcher.

Replying to Tory challenges that be should back up his claims with facts, he said that in 1973 unemployment in West Germany was 0.8 per cent. and it had now risen to 3.5 per cent. In the face of Opposition jeers, he insisted: "That is a deterioration which is much worse than that experienced in this country."

Returning to the attack, Mrs. Thatcher reminded him that the most recent figures for German unemployment were 3.5 per cent. while in Britain, the figure stood at 7.2 per cent., although world trading circumstances were the same for both countries.

"The point is that those countries which have concentrated on being competitive have got our customers and our jobs," she emphasised. "When will you accept the blame for this situation, which is due to the fact that we have had a Labour Government for four years?"

Mr. Callaghan retorted that the levels of unemployment in Britain and Germany were closer than they had been. Germany had about 1m. unemployed and in Britain the level was 1.5m. But our rate was now going down.

He agreed that British industry had been less productive than Germany for the past 20 to 25 years but the Government's industrial strategy was intended to rectify this.

Assembly powers plea lacks support

BY IVOR OWEN

AN ATTEMPT by Plaid Cymru to give to proposed Welsh Assembly legislative as well as administrative powers attracted little support when the committee stage of the Wales Bill was resumed in the Commons last night.

Mr. Gwynfor Evans, the leader of the three Welsh Nationalist MPs, insisted that the Welsh Assembly was entitled to have the same powers as the Scottish Assembly.

Anything less would impede the Welsh in their fight to preserve an ancient way of life, an ancient and rich culture and tradition and the Welsh language itself.

Encouraged by his party colleagues, Mr. Evans bemused the few MPs in the Chamber, including the predominantly non-bilingual Welsh, by an excursion into the Welsh tongue.

But after having satisfied Mr. Oscar Murton, the chairman, that he was limiting himself to a quotation, and thus avoiding a breach of the rule which forbids speeches in a foreign tongue, he stressed that Plaid Cymru was not seeking separation.

The party's aim, he explained, was to take Wales into a confederal partnership so that it would exercise the right of nationhood—including a seat at the United Nations—without divorcing itself from the rest of the United Kingdom.

This concept was scornfully stigmatised by Mr. Neil Kinnock (Lab. Bedwellty) as an attempt at "getting your bread buttered on both sides."

Wales was a disadvantaged nation which could not expect to sustain a tolerable standard of living without the support obtained through being part of the U.K.

While Plaid Cymru sought legislative powers for the Welsh Assembly, it shrank from the logical next step—revenue-raising powers—because it would be pointless to give a democratically elected assembly authority to levy taxation which it would never dare to use.

Mr. Kinnock warned that legislation might be used to extend "linguistic racialism." Examples of this included the advertisement of local Government posts in the Welsh language, while rate demands were printed in English.

And in one school in Anglesey, children in an English-speaking class who wanted to use the lavatory were required to seek permission in Welsh or suffer the consequences.

For the Tories, Mr. Leon Brittan agreed that full legislative powers for the Welsh Assembly would be a "logical and very attractive solution."

But he added: "The real question is, do the people of Wales want the kind of society they are living in to differ more and more from the kind of society and sort of legal structure which operates in the rest of the U K?"

This trend had dangerous consequences for the Government. It would also lead to conflict, or the potential for conflict between Cardiff and Westminster, as well as creating real difficulties in the Parliamentary process.

The best way of solving "this legislative conundrum" would be not to have an assembly in the first place," he said.

Mr. Tom Ellis (Lab, Wrexham) claimed that devolution was "an attempt—maybe a fumbling attempt—to try to get some form of political structure which is clearly overdue."

The devolution proposals for Wales were setting up "a glorified county council" but, in that form, it would not do a great deal of harm to the British constitution.

Mr. Ioan Evans (Lab, Aberdare) said: "The danger is that we are getting on a slippery slope." But the Plaid Cymru proposal would put Wales on a "slippery precipice."

Labour set to survive showdown on steel

BY RUPERT CORNWELL, LOBBY STAFF

THE GOVERNMENT looks certain to survive next week's showdown with the the Conservatives over the highly critical select committee report on the British Steel Corporation—which Tory leaders see as proof of Labour's inept handling of nationalised industries.

It was clear last night that the terms of next Thursday's Opposition motion, approving the report and thus implicitly condemning two Government Ministers, have forfeited the support of Labour committee members.

Instead, the Commons will endorse a Government amendment which, while taking note of the findings, will stress the difficulties facing the steel industry and *urge a cautious approach.*

Mrs. Thatcher's tough choice of wording has apparently met with some disapproval among senior Conservatives. They feel that by forcing a breach in the cross-party unity of the Committee for Nationalised Industries which produced the report, she has undermined the basis on which select committees can best operate.

The Opposition leader, on the other hand, considers that it is up to back benchers on both sides to work together and control the executive. Otherwise, there would be no point in having select committees.

For this reason she argues that a simple "take note" motion—given British Steel's £10m.-a-week losses and the charges levelled at Mr. Eric Varley, Industry Secretary, Mr. Gerald Kaufman, his deputy, and Sir Charles Villiers, the Corporation's chairman—would be inadequate.

Last night, senior ministers were sticking to their own timetables beyond Thursday's vote. Mr. Varley's key statement on the industry's future is to come just before Easter, and a debate and Bill raising British Steel's borrowing limit above the present £4bn. ceiling will take place after the recess.

Underlying the row is the crucial issue of how a future Tory Government would handle loss-making but employment-intensive nationalised industries.

Sir Keith Joseph may well throw some light on this when he opens the Coservative attack in the debate.

Mrs. Thatcher is deeply attracted by the idea of if not immediate de-nationalisation (in British Steel's case, she admits that would be impossible), splitting them up so as to generate greater competition and thus offer consumers a better deal.

She feels that, as with British Leyland before—the Government is adding daily to British Steel's basic difficulties, as a result of its fear of taking tough political decisions.

She believes that the real shortcoming of nationalised industries lies in their monopoly position, coupled with the presence of strong unions. But acknowledges that to start wholesale restructuring the moment she takes office would not be a practical proposition.

Moreover, to tackle the key problem of overmanning would lead to yet higher unemployment, at least in the short term.

Rees refuses to withdraw race remark

A PLEA for action to stop the National Front "poisoning the minds of schoolchildren" was made by Mr. Dennis Canavan (Lab. West Stirlingshire) in the Commons yesterday. He said the Front had been preaching racial propaganda in schools.

Mr. Merlyn Rees, Home Secretary, warned against giving Front members a "sense of importance" in the matter.

Mr. Canavan argued that school curricula should place emphasis on the need to encourage young people to adopt healthier attitudes which would lead to better relations.

Mr. Rees agreed, but added: "We all ought to be careful in giving a sense of importance to some people in the National Front." Discussing racial prejudice with children was important and most teachers understood how to deal with it.

He rejected a call from Mr. Patrick Mayhew (C. Tunbridge Wells) to retract his "calumnies" against Mrs Thatcher, and replied "No" when Mr. William Whitelaw shadow Home Secretary, asked him to withdraw a remark that the Tory leader was "making racial hatred respectable."

Mr. Rees denied an accusation by Mr. Dennis Skinner (Lab., Bolsover) that the police were protecting the National Front. "It is not true," he declared. Mr. Skinner protested: "I think it is." Mr. Rees replied: "You are wrong yet again."

Mr. Skinner claimed that for at least two years, police had followed Left-wing demonstators and activists at rallies and other events "with a view, so we are told, of taking some training film or whatever.

He demanded to know how many extra police had been allocated duties, including surveillance of MPs and union leaders. There had been speculation in the magazine "Private Eye" that Special Branch officers had been transferred from ports to central London was connected with this.

Mr. Rees said that the responsibilities of the police did not include surveillance of MPs and union leaders. The conclusions drawn by "Private Eye" on the reasons Special Branch officers were being withdrawn from the ports were "even more amusing and wrong than usual."

Statement on Windscale

MR. PETER SHORE, Environment Secretary, will make a statement on the Windscale nuclear plant in the Commons next week, Mr. Michael Foot, Leader of the Commons, promised MPs yesterday.

It is understood that the statement will be on Monday and Mr. Shore is expected to deal with all aspects of the future of the plant.

Jenkins calls for European economic and monetary unity

BY RAY PERMAN, SCOTTISH CORRESPONDENT

A STRONG PLEA for European economic and monetary union to bind the economies of member states of the EEC and take pressure off the dollar, was made last night by Mr. Roy Jenkins, President of the European Commission.

Mr. Jenkins backed his decision last autumn to resurrect the cause of monetary union, arguing that it could make possible further economic growth needed to eliminate the threats to confidence and social balance of unemployment and inflation.

There were 6½m. people out of work in the EEC, and by 1985, 9m. more young people would be unemployed. What was needed was a stimulus on the scale of the coming of railways, or the leap in living standards which the people experienced in the 1960s.

It was no longer fashionable to believe that Europe could be let out of its deep-rooted industrial problems by artificial reflation of the strongest economies. Individual efforts must be co-ordinated so that economies could move parallel to each other, giving mutual support.

"There are various ways in which the preparations for this departure can be made—some of them have been set out in the Commission's recent proposals to the Council—but I believe that the time is ripe now for a much closer examination of common guidelines for monetary policy in the member states," Mr. Jenkins said.

"The more we think in these terms, the more effective will be our capacity to make the necessary transition to a full monetary union."

Union would also have an important effect outside the Community.

"One of the most serious obstacles to-day to the continued free flow and growth of trade is the lack of a stable international medium of exchange. For two decades, the dollar performed this function and performed it well. It still plays a vital role.

"But a common European currency, with the economic weight of the members of the Community behind it, and the wide circulation made possible by the fact that the Community is the world's biggest trading bloc, would be not only a factor of stability in world trade, but a stimulus to growth from which we should all profit," Mr. Jenkins said.

"A European currency would not replace the dollar as an international currency, but it *would be a sound alternative to it.* By relieving some of the pressure on the dollar, it would itself help to strengthen that currency."

Premier stresses need to agree growth rates

BY JOHN HUNT

THE URGENT need to agree on *rates of economic growth among* developed countries was underlined by the Prime Minister in the Commons yesterday.

Mr. Callaghan was replying to Mr. Norman Atkinson (Lab., Tottenham) who said that the Government seemed ready to sacrifice full employment and higher wages for the dubious benefits of free trade.

Mr. Atkinson based his fear on remarks made by Mr. Denis Healey, Chancellor of the Exchequer at the National Economic Development Council on Wednesday. He took the Chancellor's remarks to mean that the Government would not be able to reflate the economy at a sufficient speed to restore full employment and higher wages for fear of sucking in imports.

Mr. Atkinson advocated international discussions so that trade could be planned and the Government enabled to do something to improve employment prospects.

Mr Callaghan told him that the Government was extremely active in the international field in trying to reconcile the objectives of various countries. He pointed out that Germany's prime concern was to contain inflation while the U.S. wanted to see a faster rate of growth.

"These international matters are causing a loss of confidence among industrialists in the Western world. The sooner we can get them resolved the better," the Prime Minister declared.

Review pledge

STUDENTS lobbying Parliament in demand for a review of their grants were yesterday promised by Mr. Norman St. John-Stevas, shadow Education Secretary, that the next Conservative government would see that a thorough review was carried out within a year.

Next week's business

COMMONS business next week will be:

MONDAY: Debate on Northern Ireland security.

TUESDAY and WEDNESDAY: Wales Bill, committee.

THURSDAY: Debate on reports from the Select Committee on Nationalised Industries on British Steel Corporation; opposed private business.

FRIDAY: Private Members' motions.

MONDAY (March 13): Debate on defence estimates.

Lords debates are:

TUESDAY: Refuse Disposal (Amenity) Bill, third reading; European Assembly Elections Bill, *second reading.*

WEDNESDAY: Debates on parental choice in education; crime prevention, and Cyprus.

THURSDAY: Industrial and Provident Societies Bill, Domestic Proceedings and Magistrates Court Bill, and Judicature (Northern Ireland) Bill, third readings; Shipbuilding (Redundancy Payments) Bill, committee; Civil Aviation Bill, second reading.

Drive for better homes launched

By Michael Cassell, Building Correspondent

A £300,000 publicity campaign to stimulate home improvement work was launched yesterday by the Department of the Environment.

Mr. Ernest Armstrong, Under-Secretary of State at the Department, said that almost 800,000 homes in England were classified as being unfit to live in. A further 900,000 homes lacked basic amenities like an inside lavatory, bathroom or a hot and cold water supply.

"We want higher standards to stop houses drifting into slums and to rescue those which are already unfit," he said. A total of £70m. would be available this year for improvement grants, and this would rise to £130m. next year.

The Government's record on home improvement grants has been criticised by the Conservatives and by representatives of the construction industry. Approvals for house renovation grants last year were only 36 per cent. of the total for the peak year of 1973.

The new campaign was yesterday welcomed by the National Home Improvement Council.

Engineers' body 'ready to join' shipyard unions

BY PAULINE CLARK, LABOUR STAFF

LEADERS OF the Engineers and Managers Association said yesterday that the union was ready to join the Confederation *of Shipbuilding and Engineering* Unions if that would help to "tidy up" the critical union recognition problem in the nationalised shipbuilding industry.

In talks at the Advisory Conciliation and Arbitration Service headquarters, the union also said it would not oppose a ballot to prove that a majority of managers in the industry want to be reprsented by the EMA's affiliate.

The union presented its case for national recognition of the Shipbuilding and Allied Industries Management Association.

The union, which is in the TUC, has been at odds with the confederation unions and the TUC over the issue for about a year. In the hope of resolving what has become an explosive issue, the British Shipbuilders Board asked ACAS earlier this year for its help.

ACAS, which has already heard the confederation view in separate talks, described yesterday's discussions as "exploratory" and aimed at giving assistance to the Board rather than advice.

It seems unlikely at this stage, however, that yesterday's moves will help British Shipbuilders.

The EMA later conceded that it had been "led to believe" that there could be hostility towards any attempt to join the confederation.

A ballot of managers is also unlikely to be accepted. There has been little dispute over the union's claim that the majority of managers favour SAIMA. But the latter's claim to having a 70 per cent. membership is disputed by other unions.

The EMA claims 1,600 members out of a total of 2,300 managers in the industry.

Its case rests heavily on its claim that ten shipbuilding companies have already agreed to recognise SAIMA. But ACAS views these agreements as having lapsed when the industry was nationalised.

Argued

The confederation unions meanwhile have argued that only those unions already recognised before nationalisation should now keep that status.

Confederation unions are pressing the Board for an early decision but the arguments are likely to be prolonged.

Mr. John Lyons, general secretary of the EMA, said yesterday: "*There is an overwhelming case—there is no way in which a failure to recognise* SAIMA can be acceptable."

SAIMA recently called an overtime ban to try and speed up the Board's decision.

Foundrymen urge end to bargaining curb

BY OUR LABOUR EDITOR

THE FIRST of what is likely to be a flood of union rank-and-file demands this summer for the Government to stop intervening in wage bargaining were published yesterday.

They are contained in the agenda for the conference in the first week of May at Morecambe of the 57,000-member foundry *section of the Amalgamated* Union of Engineering Workers.

Three of the union's district committees say there must be no curbs on free collective bargaining. Others say they will accept wage restraint only if there is a statutory or effective freeze on rents and prices.

One declares support for the TUC-Government agreement on the 12-month rule and for the "orderly return to free collective bargaining."

On wages, there are demands for a national minimum rate for skilled engineering workers of up to £80 a week for next year.

For this year's national agree*ment in engineering, the* employers have offered to raise the rate to £60 in two stages, but the talks have collapsed over the timing of the payments.

All 19 engineering unions meet to-day to consider an AUEW call for official industrial action in protest.

Delivery drivers reject plea to clear car depot

CAR-DELIVERY drivers in Oxford have rejected plans to move cars by rail from Milton Trading Estate, where they have been stored on a 30-acre site.

Their branch of the Transport and General Workers' Union turned down a request by the delivery company to allow a one-off trainload of British Leyland cars out of the depot.

Earlier this year, the men started a national row when they refused to allow cars built at Cowley to be taken to Milton by rail.

Mr. David Buckle, the union's district secretary, said the employers' proposal had been rejected as a matter of principle.

Their decision had been influenced by the "prejudiced" publicity which the union had received over the movement of cars to the depot.

Mr. Buckle said there were too many people poking their noses into affairs they knew nothing about.

Strikers picket Leyland plant

ABOUT 150 striking engineering workers picketed the British Leyland foundry at Wellingborough, Northants, yesterday.

They were protesting at the sacking of a colleague and the suspension of two others over a disciplinary matter connected with clocking-out procedures.

Civil Service pay block

THE CIVIL Service Department may seek to prevent one of the largest Civil Service unions taking its pay claim to arbitration, Mr. Gerry Gillman, general secretary of the Society of Civil and Public Servants, said yesterday.

Mr. Gillman told his 105,000 members that the Department had indicated that if their claim for pay increases of up to 28 per cent. was taken to arbitration the Department might seek to avoid implementing any award. This was in defiance of the agreement between the union and the Department, which contained a binding arbitration clause, he said.

In a circular Mr. Gillman said that the Department had not challenged the union's claim that it would need between 22 per cent. and 28 per cent. increases to restore fair comparisons with its members' outside counterparts, but stated that it wanted to apply the Government's pay guidelines.

Fire dispute

FIRE BRIGADE'S Union leaders met Mr. Merlyn Rees, Home Secretary, yesterday about a new dispute with their employers.

The union has argued that a feasibility study on cutting working hours from 48 to 40 a week next November should be treated as a commitment to the scheme. But Local Authority employers contend that the study should form only part of wider negotiations towards a working week of 42 hours.

Rig radio men told to step up action

By Our Labour Staff

LEADERS OF the Radio and Electronic Officers' Union called last night for stepped-up industrial action by radio officers working in the North Sea because of a dispute over a productivity claim.

The call came on the eve of a meeting arranged for to-day between the union and the employers—Marconi Marine—when a new proposal aimed at resolving the issue is expected to be discussed.

The company said yesterday it had "high hopes" that a settlement would be reached.

Operations on about 12 oil rigs have already been affected by the work-to-rule by about 44 radio controllers, which has gone on for nearly two weeks.

Oil companies say there has been no serious interruption of work. But the radio officers hold key positions in the communications networks on the oil rigs, and stepped-up action could affect the transport of supplies from helicopters and sea vessels.

The radio officers are claiming payment of a productivity deal which was awarded by the National Maritime Board to their colleagues on deep-sea vessels last September.

But the employers have argued that payment could breach the Government's guidelines. Negotiations began last December on a separate deal for officers on oil rigs.

The union complained yesterday of "continued delay by Marconi and the Department of Employment in seeking a solution."

● About 500 manual workers on strike at Marconi Radar Systems factory in Chelmsford are expected to hold a meeting next Monday.

The strike, which has stopped production at the works, began last Tuesday night because of a row over a job evaluation scheme.

Members of the Amalgamated Union of Engineering Workers and the Electrical and Plumbing Trades' Union are demanding inclusion in the scheme, although management claims that the criteria involved in *the assessment of jobs is not* appropriate to manual workers.

An offer by management to conduct a separate informal study of manual jobs has been rejected.

Kodak stops £4.3m. bonus payment

By Our Labour Staff

KODAK HAS stopped payment of £4.3m. in bonuses to its 11,000 employees because of unofficial industrial action at two of its factories. Kodak workers were due to be paid bonuses averaging £400 each during the week beginning March 13.

At the same time, the company said that it was making 300 workers redundant at its Stevenage camera factory. The redundancies, which will be on a voluntary basis where possible, largely *result from a company scheme* to rationalise production.

Kodak said that it was suspending the bonus payments because of industrial disputes at Harrow and Kirby. Talks on a proposed productivity agreement have also been broken off.

Workers at the Harrow factory, affected by one of the unofficial disputes, have threatened a 24-hour stoppage in protest at the company's decision.

A company spokesman said: "We greatly regret having to take these steps, not least because *the overwhelming majority of* Kodak employees are not in dispute with the company." The situation would be reviewed later, he said.

Pit overmen accept deal

COLLIERY OFFICIALS have agreed to accept a productivity deal after implementation of the National Coal Board incentive bonus scheme for mineworkers.

By a majority of about 2,000 votes delegates of the National Association of Colliery Overmen, Deputies and Shotfirers have agreed to pit average bonus payments of 100 per cent. for face officials, 50 per cent. for other underground officials, and 40 per cent. for surface men.

Report suggests fortnightly unemployment payments

BY SUE CAMERON

THE GOVERNMENT may pay unemployment benefit fortnightly instead of weekly. A report published yesterday suggests that such a system would save money and would be acceptable to most claimants and staff.

The report compiled by a joint working party of civil service, management and *unions,* was based on a survey of a pilot scheme at 36 unemployment benefit offices throughout the U.K.

Three quarters of claimants asked said that they preferred fortnightly to weekly payments

Most office staff also favoured the scheme because it eased their workload and allowed them to operate more efficiently.

But the Civil and Public Services Association, in minority conclusions, opposes fortnightly attendance and payment.

It is estimated that £4m.-£5m. a year would be saved in stationery and postal costs if the scheme were introduced nationally and further savings could be made on staff costs.

This would be offset in part by increased unrecovered overpayments. Last year, the irrecoverable overpayment of unemployment benefit was £2.3m. The proposed scheme would probably mean an extra £1.5m.-£2.6m. losses though about half of this would subsequently be recovered. Procedural changes could further reduce this sum.

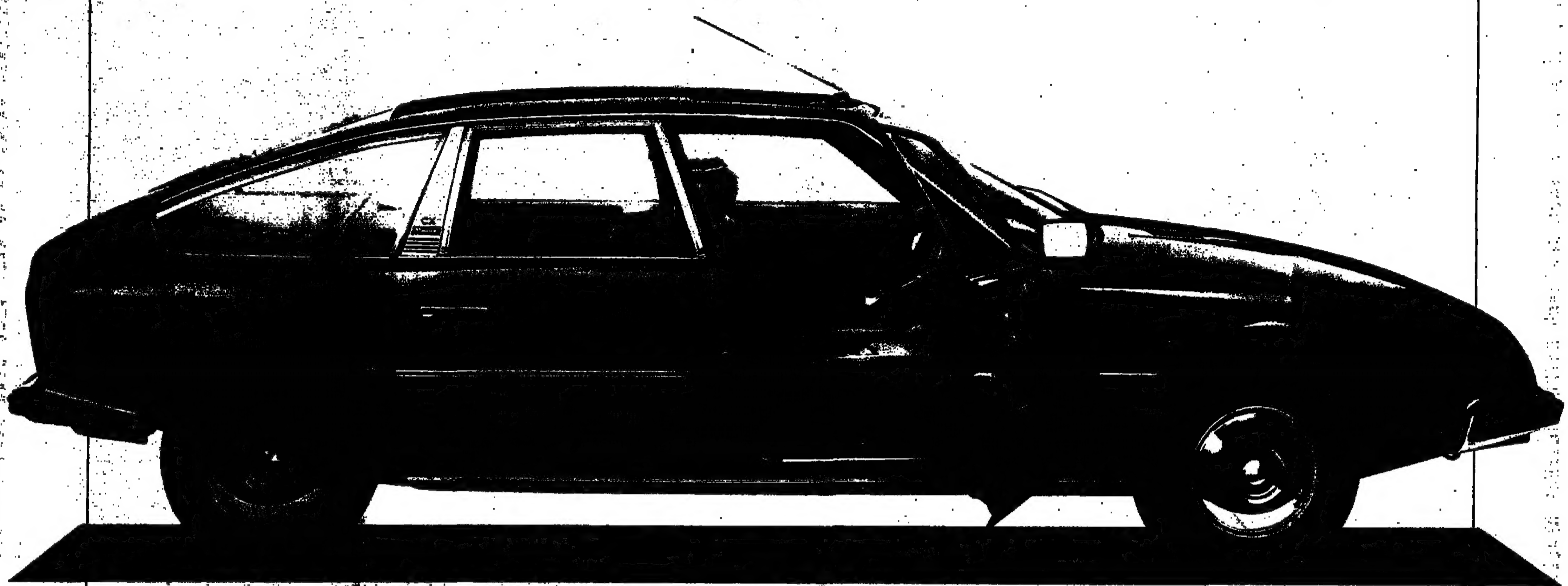
One reason why the CPSA opposes fortnightly payments is that it believes the system would increase fraud. It says that, even without overpayment or fraud, there would be an incentive for some claimants to deter starting work once they found jobs because half the fortnightly payments would be in arrears—as are weekly payments at present—but half would be in advance.

Mr. Albert Booth, Employment Secretary, said yesterday in a written Parliamentary reply that the pilot scheme had demonstrated that fortnightly signing and payment offered a "worthwhile improvement" in the service to claimants.

The Government would now be considering the report on the pilot scheme before deciding whether to introduce it nationally, he said.

Rig radi
men to
to step
action

CITROËN CX. A NICE PLACE TO GO HOME IN.



Illustrated CX 2400 Pallas with optional sun roof.

In a life increasingly dominated by schedules, deadlines, traffic jams, parking restrictions and general bureaucratic insanity the Citroën CX brings a welcome release from the pressures of the day.

Its seats are as inviting as your favourite armchair, hugging as if moulded to the very shape of your body. Their design gives excellent back and leg support. However long the journey, driver and passengers are comfortable and arrive relaxed without feeling any need to stretch their legs or flex their muscles.

SMOOTH.

Whatever price you pay for a car you will not buy a suspension superior to Citroën's unique hydropneumatic system. It keeps the car perfectly level however much you load it. The ride in a CX remains delightfully smooth all the way home with the hydropneumatic suspension absorbing any unexpected road shocks.

A bonus to all this is the comforting knowledge that if you had a blowout on the motorway Citroën's hydropneumatic suspension would automatically adjust to maintain directional stability and keep the car safely under control.

Further reassurance is provided by Citroën's VariPower steering. It prevents wheels being deflected by road surface irregularities and grows progressively firmer with increasing speed so that the driver always remains in complete control.

At low speeds and for parking, the steering is fingerlight, and power-returns to a straight line position immediately the steering wheel is released. No other car has a steering which can match it.

QUIET.

Quietness is yet another feature of the CX, due principally to the aerodynamic styling which reduces wind noise by allowing the wind to sweep over, under and around the car. A high level of sound insulation makes a further contribution to quietness in the CX by reducing road noise.

It also bears mentioning that the wind cheating aerodynamic lines of the CX result in improved performance and reduced fuel consumption with the CX Pallas returning a pleasantly surprising 39 mpg at a constant 56 mph. A further benefit of aerodynamic design is demonstrated by the increased stability of the car at high speeds.

As you'd expect, the fittings on such a car leave little to be desired. All considered, an extremely nice place to be. In a sea of chaos, an island of calm.

CX comfort starts at £4636·71 for the CX 2000. The range extends up to the luxurious, longer wheelbase CX Prestige Injection C-matic at £8640·45 and offers a choice of engines (carburettor or fuel injection) and manual or C-matic transmission. All CX models have recommended service intervals of 10,000 miles and have a 12 months' guarantee. The suspension is guaranteed for 2 years (max: 65,000 miles).

Prices include car tax, VAT and inertia reel seat belts but exclude number plates. Delivery charge £68·04 (inc. VAT). Prices are correct at time of going to press.

Please enquire about our Personal Export, H.M. Forces and Diplomatic schemes and Preferential Finance scheme. Check the Yellow Pages for the name and address of your nearest dealer. Citroën Cars Ltd., Mill Street, Slough SL2 5DE. Telephone: Slough 23808.

A selection of the 16 models in the CX range.

Model.	Top speed.	Price.
CX 2000	109 mph	£4636·71
CX 2400 Super (5 speed)	112 mph	£5427·63
CX 2400 Pallas Injection (C-matic)	112 mph	£6597·63
CX 2400 GTi (5 speed, Injection)	118 mph	£6580·08
CX 2400 Safari Estate	109 mph	£5575·05
CX 2400 Familiale	109 mph	£5678·01
CX Prestige Injection (C-matic)	112 mph	£8640·45

CITROËN CX. A WORLD OF COMFORT.

CITROËN CX

Management

EDITED BY CHRISTOPHER LORENZ

How Barclays is grappling with 'universal' banking

Nicholas Leslie continues his analysis of the essential differences between the way British and German banks serve industry

NAMES like Tritton, Bevan, Buxton, Tuke and Gurney may not mean a great deal to the average customer of Barclays Bank. But to Barclays itself they are of considerable significance. For they are the names of some of the founding families of a series of small banks which formed the base of what has become Britain's largest banking group and one of the biggest in the world.

Those names are still to be found in abundance throughout the group, particularly at the senior executive level. Despite the fact that, like Commerzbank, Barclays is a public company with a share capital widely held among thousands of shareholders, its founding families retain significant managerial control by virtue of a system which, though perhaps an anachronism to-day, is considered by many observers of the banking scene to be successful. The bank itself is convinced that this system creates major benefits for all its customers, particularly those in business and industry.

Under the system the path to the top of the managerial tree is largely pre-ordained for some members of these families (provided, of course, they have the ability, the bank asserts) because it is part of the pattern of things that they should perpetuate generations of accumulated experience and local knowledge of different parts of the country. Family connections have nothing like the same importance on the road to the top of Commerzbank.

The key role of families in the Barclays set-up is but one of a series of major differences between it and Commerzbank (the structure of which was described in an article on Tuesday).

Commerzbank began life financing the exports of Hamburg merchants, and expanded quickly in most areas of banking to assume "universal" stature, though it is only in the last 10 to 15 years that it has had any substantial involvement in domestic retail banking. Since the war German cartel law has prevented it, in common with other leading institutions, from making major banking acquisitions. Barclays, on the other hand, has grown throughout this century by both internal growth and acquisition—some of them quite large—and has been an important force in domestic retail banking since the last century.

Yet until the Bank of England gave banks the all-clear in 1972 to develop merchant banking facilities, Barclays did not attempt a move into such "universal" banking activity as corporate finance, investment banking and securities. Whereas Commerzbank has for many years dipped into money markets for a major part of its term loan funds and, even now, with a vast reservoir of private customers' money on tap, still does so while also raising cash through bond issues, Barclays has relied for funds almost entirely on the current and deposit accounts of private customers.

In common with other German banks Commerzbank's orientation has been very different from Barclays'. It has tended to forge direct connections with business, other than as a provider of funds. Partly as a result of having to pick up companies that foundered in the recession between the First and Second World Wars and partly due to their own investment policies in the years immediately after 1945, the big three German banks hold sizeable shareholdings in a number of companies.

German bank directors also have seats on the Boards of industrial companies in which the bank holds stakes.

In the U.K., however, banks have always avoided taking equity stakes—pre-eminently because they believe there is a potential conflict of interests in investing where they provide funds, but also for other reasons—and their executive directors therefore rarely hold directorships of other companies.

Since 1896, when 20 banks merged to form Barclay and Co. (the name was later changed in 1917), Barclays has maintained a highly decentralised structure. This contrasts not only with Commerzbank (which, admittedly, is moving towards such a pattern because it considers this will make it more responsive to business customers), but also with some other major U.K. banks. This only serves to illustrate the danger of generalising about systems when assessing which country best provides for the financial needs of industry.

Barclays has its head office in Lombard Street, the heart of London's banking fraternity, and then operates through 35 local head offices around the country, each of which has its own team of executive directors (in some cases there is also a local Board comprising a balance of executive and "advisory" directors). Each local head office has a group of branches (on average, about 80 in number) within its orbit. It oversees most of their functions, other than major policy; certain activities, (such as securities dealing, foreign exchange, currency dealing and large corporate finance deals), are initiated locally, but carried out centrally.

Clearly defined lines of responsibility between head office and branch managers allow the latter considerable freedom of manoeuvre within given parameters. These include lending up to pre-determined limits, which differ from branch to branch. At the top in London, there are general managers responsible for seven regions, such as North-East, South-West and for London itself; theirs is a broader brief, taking in such functions as strategic planning and agreeing major loans running into millions of pounds.

Also based in London are the regional general managers, described by the bank as "a vital link between executives on the ground and head office."

Local head office directors generally slot in beneath the regional general managers in the management pyramid, and the next rung down comprises the branch managers.

Given the degree of autonomy which Barclays insists it allows, it might seem to have a rather bureaucratic structure. But Barclays feels the set-up enables it to have "more senior executives available than most other (British) banks." By this it means that corporate clients in particular will know that they can get quick decisions locally on many issues and that anything outside a branch manager's orbit can be dealt with at readily accessible intermediate levels, rather than having to be referred to the centre.

The bank also feels its local head offices provide virtually all the expertise that small to medium sized companies would generally need in their day-to-day business, and even in some of their more specialised situations. Local directors generally also have a responsibility for particular large companies. Their discretionary powers to lend up to levels substantially above those of branch managers enables them to look after a large part of even the biggest companies' requirements.

The 35 local head offices all have direct access to a number of offices of Barclays Merchant Bank, Barclays' insurance broking company and Mercantile Credit, the consumer finance, leasing and industrial instalment credit company bought in 1975. They can also tap the facilities available in the 27 U.K. offices of Barclays Bank International.

Replying to the perennial allegation that British banks have failed to provide sufficient funds for industrial investment, Barclays says that any shortage has been one of demand rather than supply. In common with other banks it also argues that its hands were tied for many years after the Second World War, for example by having to adhere to the old bank rate and to Government credit and liquidity controls. At the same time the stock market was playing a leading role in satisfying demand for medium and long term funds.

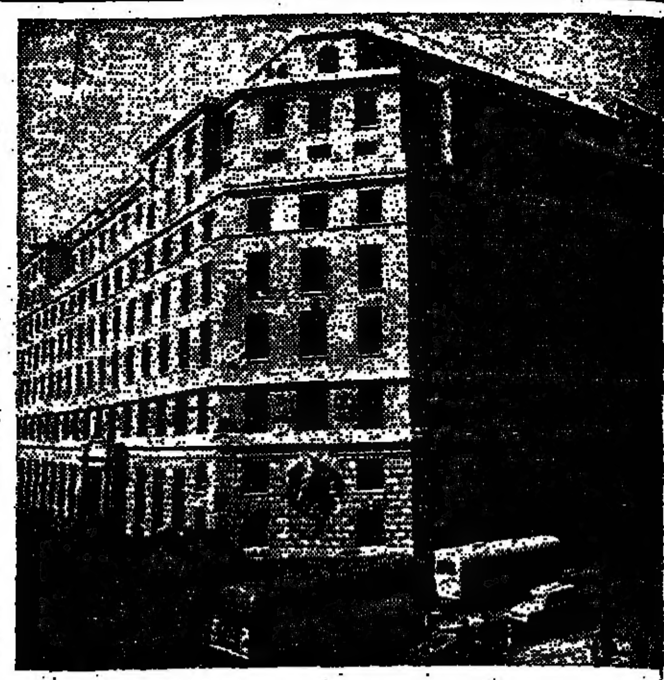
Commerzbank, too, is not slow in complaining about external restrictions on its lending activities and how it would have liked to put more money into industry back in the 1950s and 1960s. But while the German banks do, nonetheless, seem to have actively supported industry's demands there is now increasing doubt among them about the adequacy of the capital base of most German companies, both large and small.

This reflects the considerable extent to which German industry used debt rather than equity finance for expansion in its rush for growth—aided and abetted, it must be said, by the same banks which now express doubts about the consequences.

The relatively small and inactive stock market is an obvious manifestation of this. The U.K.'s much more balanced debt: equity ratios have been maintained in large part through its highly active stock market.

Since it has been free of the controls it found so restricting Barclays feels that it has made considerable strides in developing facilities for its corporate customers. But just how short a time it is since this determined effort got under way can be judged by the fact that Barclays itself sees as the watershed its acquisition in 1971 of the 45 per cent. minority interest in Barclays DCO (Dominion, Colonial and Overseas) which it did not already own; this gave it complete control. DCO was integrated with Barclays' existing overseas interests to form Barclays Bank International and the move was seen as enabling a speeding up of international expansion on a more integrated and effective basis, to the benefit of its business customers.

Barclays' next move, in response to the 1971 Bolton Report on small companies which highlighted how this sector had been poorly served financially, was the setting up in 1973 of the Business Advisory Service. This is made available through all branches, providing, both directly and by way of a series of publications, tailor-made advice on budgeting, cash flow, forecasting and other financial information systems to help the smaller company to organise its business.



Barclays' head office in Lombard Street, London

To some outsiders, a debateable point is whether Barclays catches small enough companies in its net, for to be eligible for the BAS service a company must have an annual turnover of £150,000 and upwards.

More recently, Barclays has expanded its range of services to companies by developing its own merchant bank and by buying Mercantile Credit. The evolutionary process of the merchant bank, however, underwent a hiccough late last year with the resignation of Mr. Charles Ball as its chairman.

This was largely the result of Mr. Ball and the bank not seeing eye-to-eye over such matters as the level of control the merchant bank should have over medium and long-term lending by the bank. It also seems clear that Mr. Ball—as a former independent merchant banker with Kleinwort Benson (where he was deputy chairman)—wanted more autonomy for an elite activity which Barclays does not see as being particularly exclusive—somewhat in contrast to Commerzbank's view, it appears.

Another innovation has been the corporate business development division of the parent company. Staffed by bankers, accountants and a heavy concentration of economists, this department's role is to assess and advise on the potential for growth of the constituent parts of the Barclays group. To do this, it investigates the prospects of industrial sectors and particular companies both in the U.K. and overseas. Its findings are fed out around the whole Barclays network and corporate business development teams are also kept on hand within the local head offices.

The training that Barclays brings to bear on its organisation has some parallels with Commerzbank; for example, both have a special programme for university graduates to which non-graduate entrants can switch if they prove to have sufficient ability. But if a general comparison were to be made, it seems safe to say that Barclays has a more generalist approach (with a fairly even balance between consumer and corporate finance training) than Commerzbank, which undoubtedly weights its training in favour of corporate finance. This is not to suggest that there is necessarily more inter-department movement than at Commerzbank.

Unlike Commerzbank's, the Barclays' training process is not linked from the outset to a formal day-release education within working hours. In both cases new recruits are given basic instruction in the services provided by the bank but Barclays' staff begin day-release only when working on Part 2 of the Institute of Bankers' examinations. At about the age of 28 or 29, they work on securities dealing and other activities of a relatively complex character and take a "principles of lending" course dealing largely with personal lending.

Their German counterparts, who would be ahead of them, would have done quite a lot of corporate finance work and could well be in line for a managership.

Moving up through stages at Barclays (there are five in all), employees' training will take in such things as balance sheet analysis, man management and staff appraisal techniques, corporate finance, evaluation of capital projects and sources of capital gearing. Beyond this (and by this time the managership stage will have been reached) training often concentrates on more general things like assessment of the bank's activities within the environment and the economy.

The general impression given by the two banks is that their training processes are similar in many ways, since they produce a bedrock of personnel with essentially common talents. In practice, though, they will operate in accordance with many different standards—in personal lending, for example, a Barclays overdraft would be dependent on proven need, while a Commerzbank client whose salary is paid straight into his bank account gets an overdraft automatically, the level being based on a given multiplier of his salary.

But above this strata of personnel, Commerzbank is undoubtedly much more elitist in its approach to who does what job, how he is trained and the degree of standing his department has within the bank. Corporate finance heads the elite, together with treasury work such as money market and foreign exchange dealing.

Barclays, on the other hand, does not view elitism as the right approach. It acknowledges the complexity of corporate finance in certain areas, but feels that it should fit in as an integral part of the whole range of banking facilities which, any way, it maintains, have themselves become much more complex in recent years. It would therefore, deny that the lack of an acknowledged elite means that its corporate customers have to deal with anything less than high-powered personnel.

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ENERGY

Total energy scheme to use sun heat

THOUGH the Department of Energy in Britain appears to attach little urgency to solar power developments, the American Department of Energy is pushing ahead very quickly with large-scale experiments with an eye not only on supplying a large part of the country's domestic and industrial heating/cooling needs in the coming decade, but also on exporting equipment to other countries.

Latest and possibly the most ambitious project to be announced is one for a total energy scheme relying on solar heating to provide power, steam, heat and hot water for a textile plant in Georgia.

General Electric of the U.S. is to carry out part of the work under a $1.5m. contract from the DoE and management of this has been assigned to Sandia. The heart of the development is the application of newly designed twin axis parabolic dish solar collectors which will heat an organic liquid to above 600 degrees F. This will transfer heat in exchangers to water/steam, providing motive power to a 500kW turbine and generator from GE.

At this stage power, process steam and feedwater heating will be extracted.

Thermal energy storage will be provided for night and cloudy conditions operations, taking the form of rock/trickle oil arrangements.

Design of the collectors is one key sector and the work has been entrusted to a leading radar antenna design group, Scientific Atlanta. GE will design the high temperature receiver and develop the coatings for the reflector surface.

Aim of the project, which will be firmed up later this year with construction to start in about 16 months, is to supply to the 42,000 square foot factory, some 60 per cent. of the electricity and 50 per cent. of the steam required; the plant will also have a fossil-fuel full capacity steam boiler.

It will be operated by the Wilhelm Bleyle Co. in Shenandoah.

No one at GE or in the DoE is claiming this plant will be economic. But emphasis is being laid on the fact that a full-scale demonstration unit like this will go a long way towards showing potential users and manufacturers of equipment what can and has to be done if the U.S. is to achieve its goals of fuel self-sufficiency.

● SECURITY

Alarm in disguise

DECEPTIVELY simple in appearance—it looks like most other digital desk clocks—is a burglar or intruder alarm which gives the user enough grace to set it and get out of the area with no unseemly hurry, as well as come into the premises and switch off before the alarm can sound.

The BD 100 has a large LED display and incorporates an ultrasonic unit which is activated by the withdrawal of an electronic key uniquely coded for each alarm.

Such action by the user sets off a timing circuit which provides a delay for getting out of the protected room of some 20 seconds.

Once this period has elapsed, the ultrasonic unit in the clock is switched on to bathe the whole area in a wave pattern that is reflected to a detector, also in the clock.

Any intruder walking through this wave pattern will alter the received signal and if he has not got the right key, his presence will be indicated by a strident alarm after the 20 seconds grace.

Normally mains operated, the clock has internal rechargeable cells that keep the device working in case of mains failure or disconnection. On reconnection, the cells automatically recharge.

More information from Glynwed Group Services, Headland House, New Coventry Road, Sheldon, Birmingham B26 3AZ. 021-742 2366.

● METALWORKING

No burrs, no scratches

A NEW metal-cutting tool, the GH-S, will remove burrs from both ends of a hole in a single operation and without scratching the bore.

It was originally developed for a major Swiss engineering company but is now being made generally available. Hahn and Kolb (Great Britain) is the sole distributor in the United Kingdom.

Two opposed cutting blades are mounted in the shank of a GH-S tool. They are made of high-speed steel, and are replaceable. Each blade has two cutting edges: the leading edge removes the burr from the front lip of a hole, while the trailing edge works on the rear lip.

The two cutting blades are interlocked and can slide radially into the shank, but are restrained from doing so by a torsion spring. But by the way it is mounted the force exerted by this spring is controlled and varies to give the appropriate pressure for each stage of the operation.

When the tool approaches the lip of a hole, the blades are held apart by the spring. During the removal of a burr, the cutting pressure increases until the force pushing each blade into the tool is greater than the force from the spring. When this state is reached, the blades retract into the shank, and the tool is free to enter the hole. With the blades retracted, the spring exerts considerably less force than when they are in their cutting positions. As a result, pressure on the internal surface of the hole is negligible. Also, a smooth and rounded surface on each blade rubs against the bore.

Hahn & Kolb says the GH-S leaves no visible mark in the bore of a hole. It will demonstrate the tool in reamed holes, not only in steel, but also in aluminium to demonstrate this freedom from scratching.

Having passed through a hole, the blades are no longer restrained and resume their fully extended position. Once again, the force from the spring is at its maximum level. If the axial movement of the tool is reversed, the second set of cutting edges removes the burr at the rear of the hole. An advantage is the short cycle time achieved when de-burring on the blind side of a component.

Hahn & Kolb (Great Britain), Leicester Road, Rugby. 0788 74261.

● OPTICS

Eye-savers in fashion

DEVELOPMENTS which have their roots in the technology behind Concorde have led a Pilkington subsidiary—Birch Stigmat Group—to produce a type of lens that will be a boon to those of us who are obliged, in the normal course of things, to wear glasses with thick and heavy prescription lenses.

Claimed to be the first in toughened glass prescription lens processing, the advance allows such lenses to be fitted into "fashion frames" which at the moment have much larger eye sizes.

Toughening processes used by Birch Stigmat were originated by Triplex Safety Glass (also Pilkington) for the strengthening of flight deck windscreens for Concorde.

Standard practice when toughening glass prescription lenses has been to increase their thickness to enable them to withstand the process, as well as the impact tests applied later.

The new technology does away with the need to make the glass thicker.

The process produces thin lenses meeting the highest industrial safety standards and suitable for use in practically any type of full-rimmed plastic or metal spectacle frame.

Test conditions applied to the lenses, in which a steel ball is projected at them, result in the production of twice the energy in foot/pounds required under the BS 2092/1967 for GP prescription spectacles. Should the blow be too severe, the lenses will crumble into small smooth-edged fragments.

More information on the process from Pilkington Brothers, Prescot Road, St. Helens, Merseyside WA10 3TT. 0744 28882.

● INSTRUMENTS

Remembers the settings

STORING and recalling up to ten complete instrument settings are built into a new Hewlett-Packard Model 8165A programmable signal source. Complete operating mode settings, function parameters and output mode settings are recalled by simply pushing two buttons, or by addressing one of 10 storage registers.

This allows the user to switch rapidly between different sources without time-consuming knob twisting. Because both keyboard and bus operation are possible, the Model 8165A is suited for both bench and system applications. Built-in batteries maintain data storage when the instrument is turned off. Sweep is available as an option.

Sine, triangle and square waves are generated in the frequency range 1 millihertz to 50 megahertz. Pulses or ramps are generated in the range from 1 millihertz to 19.99 Megahertz. Pulse transition times of less than 5 nanoseconds combined with the wide frequency range suit the device to a variety of digital test applications, including TTL and MOS logic families.

Hewlett-Packard, King Street Lane, Winnersh, Wokingham, Berks. RG11 5AR. Wokingham 784774.

Monitors harvesters

INSTRUMENTS HAVE been developed for John Deere by RDS (Agriculture) for monitoring engine temperature and the speed of the more important drive shafts of combine harvesters.

Because the drive shaft arrangements of the combines are not identical throughout the range, the shafts monitored depend on the model, but in all cases the effect is to provide early warning of overloading or impending blockages, as well as alerting the driver when belts need tension adjustment.

Flashing lights and a hooter in the cab warn the driver if the speed of any shaft falls significantly for more than a few seconds, and a similar warning indicates a temperature rise. Lights show the source of the fault.

While the instrument will warn of a choked radiator, or jammed shaft, it will not respond to brief speed drops (such as a crop build-up reaching the threshing cylinder) or when all shaft speeds vary as the machine is started or stopped. A memory in the unit continues to indicate the location of the fault even after the machine has been shut down.

The monitors, complete with wiring harness, fitting brackets and instructions, will be available from John Deere dealers in the U.K. Maker of the instruments is at Stroud Road, Nailsworth, Stroud, Glos., GL6 0BE (045383 3787).

● PROCESSING

New enamelling ovens

NOW IN use in the quality control department of Dr. Beck and Co. (England), is an Enpro vertical wire enamelling oven designed and built by Engineering Promotions, 111, Bullbrook Drive, Bracknell, Berks., (0344 3425).

It is a single-heat, ten-pass machine with pump pad enamel application suitable for wire 0.75 to 1.5 mm diameter. The oven is electrically heated with three temperature zones, independently controlled, incorporating a catalyst for high solvent utilisation in the first heat zone. Working temperature ranges are 200-250, 250-350, and 350-450 degrees C.

The system includes a non-fuming ventilation arrangement at the oven exit, and the maker says temperature levels are accurately maintained.

The company, which specialises in oven building, is supplying a three-head lacquering and varnishing machine for the Aberdare works of Pirelli General. This machine is complete with input stands, output winding, and reeling units incorporating haul-off capstans.

Water cuts like a knife

AN UNUSUAL multi-purpose vehicle for high-pressure water-cleaning of a wide variety of items from rusted steel sections to oil-caked refinery storage tanks, as well as for the more ordinary unblocking of pipes and drains, has been built by Whale Tankers, of Solihull.

A Caterpillar V-8 diesel on a Dodge chassis drives an Aqua Hydraulics high-pressure pump delivering a 22 galls/min high speed jet at up to 8,000 psi. This is so powerful that it will clean badly rusted steel, cut through lorry tyres, or cut grooves in concrete. Its deployment therefore needs forethought and a competent operator.

In its other role, at more normal pressures, water is fed through a bigger bore hose reel on the end of which is put one of a range of nozzles, depending on the application and toughness of the work involved. A number of different forward-facing jets are available to cut through a blockage. There are extra heavy nozzles which drive themselves along the bottom of a pipe, where sludge is most likely to lie and be thickest. After cleansing, the line is reeled in automatically.

The problems for which these solutions have been found were posed by Al Mualem, a Dammam contractor working among the oil wells, refineries and pipelines of eastern Saudi Arabia who wanted mobile multi-purpose equipment. Where necessary the sludge being removed can be directly fed into an accompanying vacuum tanker. Cost of the jetting unit is about £33,000, and £20,000 for the tanker.

More from Whale Tankers, Ravenshaw Lane, Solihull, W. Midlands B91 2SU.

● WELDING

Watching welding on TV

BECAUSE ARC welding produces very high light levels it has always been difficult to film the process, while attempts to use a TV camera have been even less successful, sometimes resulting in damaged cameras.

That intense light prevents TV cameras operating is known in the criminal world; and attempts are sometimes made to disable TV surveillance equipment by directing car headlights or powerful torches at the monitor cameras.

This has been circumvented by an electronic device known as an "eclipser" (made by Evershed Power Optics). Briefly, this is able to shield the source of the light from the camera—a black spot appears on the screen obscuring the light but allowing the rest of the scene to be viewed by the security guard.

A modified version of this device has been tried at the Welding Institute to view, and videotape, arc welding processes. This was so successful that further work using special filters and additional circuitry was carried out, leading to the development of a method of eliminating the black spot, and actually viewing the arc.

A number of applications are envisaged, especially in the training field. It is often difficult for an instructor to point out exactly where a trainee welder is making mistakes—now they will be able to see the errors by using a videotape recorder, and the correct procedure can be explained.

It is expected that developments of the equipment will prove valuable in remote control of welding equipment, in underwater welding, and in the use of robot welding machines.

More from the Welding Institute, Abington Hall, Cambridge CB1 6AL (0223 891162).

● NORTH SEA OIL

Divers not needed

RAPID CHECKING of subsea anode installations without the need for physical examination by divers or submersibles can be carried out with an underwater cathodic protection potential monitoring device developed by Metal and Pipeline Endurance, a William Press company.

The system uses seabed transponders and a single survey vessel, and savings of time, cost and equipment are said to be considerable. With transponders located at one-mile intervals on the seabed the system can interrogate 200 miles of pipeline in only 48 hours.

The interrogator unit on the ship uses either a towed or "dunking" transducer, while on the seabed is a series of potential-measuring transponders, each with its own identification code. Up to 1,000 transponders can be used in any one system.

Underwater components are designed for maintenance-free operation, with battery life stated to be up to ten years.

When activated, the transponder measures the potential between a reference half-cell and the underwater steel structure, as generated by the cathodic protection anode. The value is acoustically telemetered to the surface.

Maximum signal range is about 8 km and a stationary surface unit could interrogate any number of seabed units within this radius. Maximum operating depth is about 700 metres.

More from Wm. Press and Son, 28, Essex Street, London WC2R 3AU (01-353 6544).

Control and monitoring

THREE companies specialising in the production of equipment for metering and control of fluids have got together to form a consortium which will offer what it calls a package service covering design and manufacture of equipment for the offshore oil industry.

The new organisation will be known as Maloney Meterflow Systems (U.K.) and within it will be F. H. Maloney of Houston, Texas, Bestobell Meterflow (Bestobell Group) and Steelfab Pipes and Vessels (Glynwed Group).

Offices of the consortium are at 28, Brook Street, London, W.1.

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We'll take more care of you

British airways ANNOUNCE

No 25

Friday, March 3, 1978

Fly the flag

The Rolls-Royce 747 is blazing a new trail West

SAN FRANCISCO HERE WE COME

SAN FRANCISCO will be just one long hop away from London on May 2 when British Airways starts flying its new Rolls-Royce powered Boeing 747 jumbo jets on this important financial and tourist route.

This will be the first time since 1969 that a British airline has served San Francisco, and the first time ever that a British airline has flown the route non-stop.

The service will leave London daily (except Fridays in May) at 1430, arriving at 1730 local time.

The new San Francisco route is just one of the many improvements which British Airways is introducing to its services to North America this summer.

The airline's long-range 747s with Rolls-Royce RB 211 engines will also fly to Los Angeles on five days a week. Wide-bodied DC10s will operate on the remaining two days.

Popular

Miami and Montreal are to be served by both 747 and DC10 wide-bodied aircraft by British Airways this summer. Each city will have daily flights.

In all, British Airways will serve ten cities in the United States and two in Canada this summer.

The popular executive cabin facility will be available on all 747 flights.

People living in the north do not need to commute to London this summer to pick up Transatlantic flights.

British Airways will be flying from Manchester and Glasgow (Prestwick) to Montreal and Toronto. All services will be operated by wide-bodied aircraft in the peak season.

New York will also be served from Manchester and Glasgow (Prestwick), with 747s on two days of the week, and VC10 airliners on the other five.

There will also be a feeder service to Glasgow (Prestwick) from Belfast connecting with the New York and Canadian services.

Concorde success grows

THE British Airways Concorde services to New York have proved extremely popular with business travellers since they started last November.

During the winter, the service has been increased until it is now daily, and there is a strong possibility that the frequency will be stepped up to ten a week by mid-summer.

The Atlantic crossing takes a little over three hours – under half the subsonic time. Flights leave Heathrow at 1115 and touch down in New York at 1000 local time to give passengers a complete working day.

British Airways also has three Concorde flights to Washington each week. They leave London at 1300 and arrive in the US capital at 1210 local time.

Exports get a flying start to Europe

EVERY DAY this summer more than 80 British Airways flights will leave Britain for Europe.

The flights will leave Heathrow, Gatwick, Glasgow Manchester, Birmingham, Bristol and Cardiff.

GERMANY, for example, will have about 150 flights a week.

There will be daily flights from London to nine important business cities – Frankfurt, Dusseldorf, Munich, Cologne, Hamburg, Berlin, Hanover, Stuttgart and Bremen.

Some of the Dusseldorf services will be flown by a TriStar, the first to operate in Germany.

VIENNA has ten flights a week – a daily service from London to Vienna with additional afternoon flights on Thursday, Saturday and Sunday.

PARIS will be served seven times a day, and four of the flights on weekdays will be operated by TriStars.

BAC 1-11s will fly from Glasgow to Paris non-stop on weekdays from April 3.

LYON flights will be increased from three to five a week.

AMSTERDAM will be served eight times daily, except Saturdays.

BRUSSELS will have four flights on weekdays. TriStars operate a peak, early evening return flight from Brussels on three days a week.

MILAN has three flights a day and **ROME** two.

A five-times-a-week service is being started from Glasgow to Milan from April 3. It calls at Birmingham.

MADRID has twice daily flights, some with TriStars.

BILBAO has a new daily flight from London.

LISBON will have a daily non-stop service.

OPORTO will have a non-stop service on Tuesdays and Fridays.

Boost for the other oil boom

STAVANGER, the thriving centre of the Norwegian oil industry, is being given a six times a week service from Heathrow by British Airways this summer.

Operating every day except Saturday from April 2, the Trident 2 flights depart Heathrow at 1125 and return at 1345.

Scandinavia gets an excellent service from British Airways.

Stockholm has two services every day, and two services also fly to Copenhagen and Oslo each day except Saturday.

A new route is being opened from Glasgow to Copenhagen from April 1.

Helsinki and Gothenburg have a daily service, and there are also afternoon flights to Helsinki operated in conjunction with Finnair.

One of British Airways' new Boeing 747s with Rolls-Royce power: Soon they will be flying to San Francisco and Australia

Tasting triumph

TWENTY-SEVEN awards were won by British Airways chefs at the Hotel Olympia International Catering Awards Exhibition in London. In all, the team collected five challenge trophies and gold medals. One of the gold medals was won by Bill Walker (above) for his "Gateaux Practical."

Things are looking up for Downunder

FLIGHTS between Britain and Australia will be quicker and more convenient this summer thanks to big improvements in the British Airways timetable.

The airline's new, long-range Rolls-Royce Boeing 747s are being brought in on the route, and all services will go by way of India and south-east Asia to give, in most cases, shorter journey times.

Announce Reporter

SYDNEY for instance, will have daily jumbo services making only two stops on the way.

MELBOURNE will have three services each week making two stops and four making three stops.

PERTH will have a one-stop service from London on three days each week.

BRISBANE, served only by British Airways, will have three three-stop flights each week.

Take the plane train

HEATHROW – and British Airways' world-wide network of air services – are now only 45 minutes away from the heart of London. Underground trains now run from Piccadilly Circus to a station beneath Heathrow's control tower.

From there, a series of walkways with moving pavements link up with the three main terminals. Single fare from Piccadilly Circus is 80p.

Coaches on the Piccadilly Line have been specially designed to have more room than usual for passengers' luggage.

New link to Zurich

A NEW British Airways service is being introduced from Gatwick to Zurich from April 1.

The service will leave every day of the week except Sunday at 0800 and arrive at 0930 local time.

There are frequent flights to Zurich, Basle and Geneva from Heathrow.

Flag over E. Europe

BUSINESS travellers selling exports in Eastern Europe have a great ally – British Airways.

British Airways operates fast, frequent services from London to eight cities – Moscow, Warsaw, Budapest, Belgrade, Zagreb, Prague, Bucharest and Sofia.

No other airline can offer business travellers from Britain such a comprehensive service.

A special feature of the schedules are Friday return flights from all eight cities to Heathrow.

New route to New Zealand

British Airways is the only airline flying between Britain and New Zealand, and a new route by way of Bombay reduces the flight time to 27½ hours, which is faster than the route via Los Angeles.

Main features of British Airways' other services to the Far East include a daily 747 jumbo service from London to Hong Kong. There are also additional flights on three days of the week.

Singapore has a daily 747 service. Three 747s fly each week to Kuala Lumpur and two fly to Bangkok.

Brunei is served by a weekly VC10.

747 for Mexico and Antigua

THE Boeing 747 jumbo jet is being introduced by British Airways on the routes to Antigua and Mexico City this summer. And the Antigua flight will be non-stop.

These are just part of the improvements being made by the airline to its services to Bermuda, the Bahamas, the Caribbean and Mexico.

There will be new aircraft types and improved routes.

Highlights of the new timetable include daily non-stop services to Bermuda and five flights a week to Barbados.

British Airways is, in fact, the only airline to operate wide-bodied jets from Britain to the Caribbean. Jumbos are on the routes to Antigua, Barbados, Port of Spain, Bermuda, Kingston, and Mexico City.

The airline is the only one operating from London to Antigua, St. Lucia, Georgetown, Bermuda, Freeport, Nassau, Panama City and Mexico City.

Meet our girl Roz

BRITAIN will soon know the face of Roz Hanby very well.

For she is the star of British Airways advertisements and posters now appearing all over the country.

Roz is far more than just a pretty face. She is a busy stewardess flying on British Airways 707s and VC10s out of Heathrow.

For reservations or further details, see your Travel Agent or British Airways Shop

The Property Market

BY JOHN BRENNAN

Aberdeen draws in the funds

Institutional investors have tended to fight shy of Aberdeen's property market in recent years. The "boom-town" image that attracted land speculators to the city in the early 1970s has had exactly the reverse effect on sceptical fund managers. Institutions have seen too many "boom-towns" fizzle out to take developers' talk of Aberdeen as a future "Houston of the North" seriously.

Despite the institutions' scepticism, the Aberdeen market looks increasingly stable. Speculators who forced local industrial land prices from a few hundred pounds to £60,000 and £70,000 an acre in 1973 have long since handed over to the receivers. And the commitment to Aberdeen and the Grampian region by North Sea oil and gas service industries has primed a wider demand for industrial and office space that looks certain to generate its own growth momentum long after the North Sea exploration phase is over.

This week Prudential Assurance gave a lead to its fellow funds by committing around £1.7m. to the purchase of the first, 90,000 square foot, phase of Dyce Developments' industrial and warehouse scheme in Aberdeen's Dyce Industrial Park.

Drivers Jonas, acting for the development group—which is now part owned by the Royal Bank of Scotland and the Charterhouse Group—has let the space on standard 25 year leases with five yearly reviews in nine separate units. Rents of £1.50 a square foot for workshop and warehouse space rise to £2.50 for ancillary offices, giving a total initial rent roll of just over £150,000 a year. The agents are not disclosing price or yield, but local market sources suggest that Prudential bought on a yield of around 9 per cent., which confirms the recent narrowing of the yield differential over established industrial areas called for by funds investing in North-East Scotland.

The Prudential purchase could mark the beginning of a revision of institutions' attitudes towards the Aberdeen area. And an independent report on the local property investment market, commissioned by Drivers Jonas from Tony McKay, lecturer in political economy at the Aberdeen University, gives clear reasons why funds should begin to take the "boom-town" image more seriously.

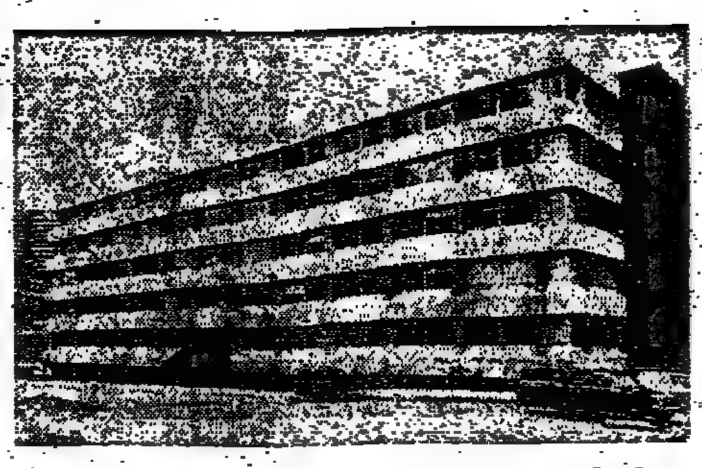
As the main population and economic centre of North East Scotland, Aberdeen is by no means dependent upon the oil industry. Over 25 per cent. of Scotland's agricultural output comes from the Grampion region, and 30 per cent. of the U.K.'s fish catch is landed there. Textiles, paper-making, distilling, shipbuilding and engineering kept the City's 200,000 population employed before oil.

Oil and gas exploration has obviously had a marked impact on Aberdeen's economy. But the effects are far wider than 12,000 new jobs in the City created by direct oil-related work. Overall, the City's unemployment rate is only 3.7 per cent. compared with a Scottish average of 8.7 per cent. and the U.K. average of 6.7 per cent. The local construction industry has grown rapidly in tune with the demands of the oil men. And the City's airport, where the terminal buildings were recently rebuilt at a cost of £10m., has seen an explosion in passenger traffic. In 1965 86,000 people travelled in, or out, of the City by fixed wing aircraft. By 1977 the number had risen to 723,000 and the British Airports Authority expect 1m. passengers a year by 1980.

In Mr. McKay's words, the arrival of the oil industry has had a "supermultiplier effect" on new developments, accentuating the City's appeal as a service and administrative centre for the whole of North East Scotland, and putting increasing demand pressure on the property market.

But how long will it last? Mr. McKay has no doubts that oil-primed growth is permanent. For one thing, the North Sea oil and gas exploration phase that attracted all the headlines in the late 1960s and early 1970s is dwarfed by the production phase.

At the peak of the exploration period there were just 25 drilling rigs in U.K. waters. By 1985 there will be 60 large production platforms in continual need of manning, supply, and service, as soon as 1980 the offshore supply industry, which is centred in Aberdeen, is expected to be worth £1,200m. a year.



Inverlair House, the first of the new wave of office developments in Aberdeen. The 64,500 sq. ft. block was developed jointly by Teesland Investments and Bovis in 1973 on projected rents of £1.12 a sq. ft. It was bought by the South of Scotland Electricity Board Nominees Superannuation Fund for £830,000 before completion, and let at £2.50 a sq. ft. Last September the fund sold the block to Legal and General for just under £2m. The market rate for space there would now top £4 a sq. ft.

Aberdeen - Construction recently confirmed local agents' views that oil-service groups have been renegotiating leases, extending them from 5 to 35 or more years. And as this increased security backs up a sharp increase in local office rents, and a steady growth in industrial rents, fund managers are likely to begin swelling Dyce Airport's passenger figures.

The oil companies are clearly taking a long-term view of the Aberdeen market. BP and Shell are expanding their local headquarters to accommodate over 1,000 staff each. Occidental is looking for another 100,000 square feet of offices, Conoco wants over 40,000 square feet, and the British National Oil Corporation and Burmah already occupy 68,000 square feet of offices and may expand.

As the other oil majors make discreet inquiries about Aberdeen sites—one international group is due to announce its move to the city to-morrow—the argument that this scale of investment reflects a long-term commitment to the city gains force.

At the moment, there are only 50,250 square feet of offices available in the City and a further 182,920 square feet gross of new or modernised office space under construction. Some 67 per cent. of the new building and refurbishment is for owner-occupiers or has been pre-let, and if last year's take-up rate of 228,000 square feet is repeated, there will be a marked shortage of offices by the year-end. Rents reflects the growing shortage of prime space, having risen from £1 a square foot in 1973 to around £4 a square foot for modern accommodation now. Local office buildings costs in that time have risen from £8 to over £22 a square foot.

On the industrial front, Martin Cohen, whose Teesland Investments announced a £5m. industrial and office development programme in the City this week, explains a local anomaly that has confused the rent picture.

The off-shore service industries have tended to need more than the traditional ancillary office content in industrial and warehouse buildings. Aberdeen units tend to be built with around 20 per cent. office content, which is 5 or 10 per cent. more than the national average. Office rents of £2.50 a square foot or so have topped up industrial space rents in the £1.60 to £1.80 range to overall unit rents of over £2 a square foot.

Fund managers, unaware of the higher office content, have seen reported rents to be out of line with the national rate, and have treated industrial investments in Aberdeen as substantially ex-growth.

In fact, local industrial rents have risen steadily in line with national trends in recent years. Drivers Jonas' latest quarterly survey of the market shows that there is now around 410,000 square feet of modern space and 260,000 square feet of older, multi-storey accommodation available, or under construction around the City.

In the early 1970s the local planners zoned 1,500 acres of land for industrial use. But the planners, who saw the national move towards airport locations zoned 900 acres of industrial land around Dyce Airport. Helicopters apart, the off-shore industry concentrates on Aberdeen's port, and industrial space with easy access to the harbour have continued to command the premium rents. The misguided concentration of industrially zoned land around the airport puts the apparent over-supply of potential sites, with its consequent impact on future rents, into perspective.

In Brief . . .

EVIDENCE to the Wilson Committee on the City from the 1,600 strong National Association of Pension Funds provides an interesting, if predictable, view of the funds' property investment thinking.

Written evidence to the Committee—given last November and published earlier this week—shows that the funds' net cash flows increased by 11.8 per cent. a year between 1968 and 1975, taking the movement's total assets to more than £30,000m. In verbal evidence one of the Association witnesses, Mr. G. J. Dennis of the Post Office Superannuation Fund, confirmed that he aimed "to get roughly 35 per cent. of our present net cash flow into property and no more than 20 per cent. of the committed funds, and 10 per cent. of the annual cash flow can be in development situations." The PO's portfolio breaks down to 45 per cent. offices, 20 per cent. industrial, 20 per cent. retail, and 15 per cent. agricultural property.

Mr. H. Jenkins, of the Coal Board's fund, told the Committee that his fund had reduced its target for property investment from 40 to 30 per cent. of new money over the past 18 months.

Mr. Jenkins echoed other witnesses' worries about property prices having risen to a level where, in certain cases "they do not justify investment." He said that "one of the problems in future facing the pension funds is maintaining their property targets against the background of falling supply." He sees property development programmes as one way of maintaining investment targets.

●

FORMER First National Finance Corporation chief executive Pat Matthews, has been making money underground for over a year now. When he was negotiating for FNFC money shops on London's main railway stations, Mr. Matthews heard of wartime bunkers linked to the underground system. After leaving the secondary bank, Mr. Matthe[ws,] former FNFC Chairm[an] Viscount De L'Isle, Joc[elyn] Hambro, and former City of L[on]don Police Chief, Sir Ar[thur] Young, formed Security Archi[ves.] The firm took a 25-year le[ase] from the Department of the [En]vironment on a 100,000 squ[are] foot bunker 120 feet below Ha[mp]stead Hill, NW3, and opened [for] business as a security filing st[ore.]

Around 30 per cent. of [the] bunker space is now filled [with] clients ranging from the Brit[ish] National Oil Corporation [to] Thames Television. It c[osts] around £300 a year to store [and] have retrieval rights to [the] equivalent of 25 four-draw[er] filing cabinets.

●

GEORGE Walker's leisure, bo[xing] and property group, Br[ent] Walker, is shrugging off the p[os]sibilities of legal problems o[ver] its £1m. Oxford Street shopp[ing] village. The group receive[d a] writ earlier this week fr[om] Graham Saunders and Associa[tes] calling for a halt to the Oxfo[rd] Street project. Mr. Walk[er] describes the move as "a co[m]plete try on." "Nobody" [he] says "was more amazed tha[n I] was to receive the writ."

BW and its lawyers are ma[k]ing the standard "vigorous [de]fence" statements. And the[re] are no plans to delay the Ju[ne] opening of the 67,000 squa[re] foot former Woolworths' sto[re] on the North side of Oxfo[rd] Street.

BW took a 20 year lease o[f] the building from Woolworths [at] an initial rent of around £5 [a] square foot. Barclays are b[e]lieved to be the 60 per cen[t.] financing partner in a £1m. co[n]version to a three level mu[lti] shop centre, complete with i[ts] own paved streets.

Sole letting agents, Leavers have now filled all but eight o[f] the smaller shops at rents re[puted] to top £60 a square foot. BW and Leavers are siftin[g] through applications for the re[maining] space to select [a] balance of retailers.

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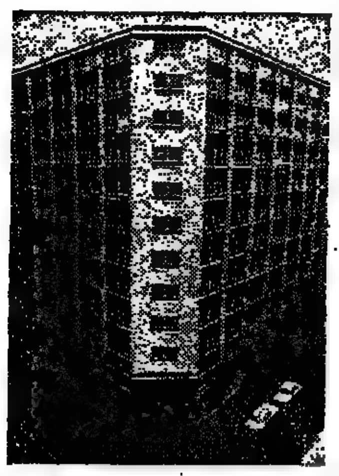
PROPERTY DEALS

British Land's discreet 'rights'

JOHN Ritblat, British Land's chairman and managing director, has been showing some fancy footwork in the stock market lately. His latest performance, the purchase and resale of Property Investment and Finance stock, gives British Land a small, but effective equity issue at around 40p a share, 6½p above their market price.

Mr. Ritblat exchanged just over 1.8m. shares for the 18.8 per cent. stake in PIF, representing less than a 3 per cent. dilution of British Land's equity. Reselling the stock at 90p to Imperial Life of Canada's associate, Castlemere Properties, netted the group around £50,000 profit and brought in just under £730,000 cash.

Last year Mr. Ritblat performed a similar exercise on Bridgewater Estates, where a 4.7 per cent. equity dilution resulted in the equivalent of an informal equity issue at over 50p a share, well above British Land's then market price. Now that the group sees itself at the end of its property sales programme, perhaps Mr. Ritblat will have more time for his new, and for shareholders, profitable share trading hobby.



CANTERBURY House, in Birmingham's Newhall Street, has been sold to Municipal Mutual Insurance for just over £2m. The eleven storey, 110,000 square foot, block is let at an average rent of £1.60 a square foot giving the insurer, advised by Knight Frank and Rutley, an initial yield of around 8.5 per cent. Municiple Mutual will use 5,000 of the 8,000 square foot of vacant space in the building as a branch office. Neale and Alldridge acted for family trust that sold the block, and Horne and Company introduced the building to KFR.

●

JUST over a year ago the Ionian Bank decided to call in the Bank of England, and run down its 140 year old business. Efforts to let its Ionian's 11,830 sq. ft. banking hall and offices at 64-66 Coleman Street, EC2, failed. And now the bank advised by Debenham Tewson and Chinnocks, has sold its 12 year lease to the building's freeholder, Imperial Tobacco's pension fund, for £650,000. Richard Ellis acted for the I.T.C. Pension Trust.

Ionian held the lease for £12,500 a year, and had been trying to assign the space for a rent of £132,000, just under £11.20 a sq. ft.

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THE former Middlesex Sessions House, a Palladian fronted block facing Clerkenwell Green, EC1, is to become London's second Masonic centre. The Central London Masonic Centre, a non-profit making company set up to carry out the £500,000 conversion has paid Guardian Royal Exchange Assurance £300,000 for the Sessions' House freehold.

The building, which dated from 1782, was last used as a law court in 1920. Since then it has been used as offices and a storehouse.

Freemason's Hall, in Great Queen Street, WC2, can accommodate only 700 of London's 1,700 Masonic lodges. The Clerkenwell Green conversion will provide facilities for a further 300 lodges.

●

ROCKWARE Glass's 26 acre site at Garston, Merseyside, has been sold to a local storage group for £600,000. Weatherall Green and Smith and J. Postlethwaite and Co. acting for Rockware have sold the site, which has 476,000 square feet of covered space, to the privately owned Weaver Storage Company.

●

RIVER Crouch, Essex, one of the few privately owned tidal rivers in the country, is for sale. Grendon Trust's subsidiary, the Burnham River Company, is selling its 9,800 acres of river bed and estuary land complete with boat moorings, oyster farms and sand and gravel rights. Joint agents Pepper Angliss and Yardood, and Strutt and Parker are asking £200,000 for the river. S and P on its own are also marketing the Tucker Brown boatyard in Burnham on Crouch, which would add 60 acres of river and yard to the package, for £335,000.

●

NOTTINGHAM took the lead among the cities of the East Midlands with a Council-funded advanced factory building programme. Their efforts to reverse declining industrial employment in the City now include a property space register kept by the Council's Industrial and Commercial Development Unit, but including both Council and private schemes. The current register makes depressing reading. It shows that in January there were 584,129 square feet of offices available: 542,000 square feet of industrial space in units of over 20,000 square feet; 94,000 square feet, in units of between 5,000 and 10,000 square feet, and 110,000 square feet of space in the below 5,000 square foot category.

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NORTH SEA OIL REVIEW

BY RAY DAFTER

A crucial stage for Brae Field

DRILLING ACTIVITIES in quadrant 16, north east of Aberdeen, have reached a fascinating and, in some respects, a crucial stage. At long last the Pan Ocean consortium seems to be moving nearer to the day when it can proclaim at least part of the Brae structure a commercial prospect while two blocks to the south the Phillips group is apparently gathering new information about prospects around its Thelma and Toni fields.

It would be wrong to suggest that recent wells drilled in this quadrant have answered fundamental questions about Brae, Thelma and Toni; if anything they have tended to complicate the picture even more. But that has been the feature of drilling in quadrant 16. Each well has produced results quite different from previous ones. This is what makes the evaluation of oil prospects there so difficult.

In the past two years oil companies and analysts have experienced all the emotions of those involved in a tempestuous love affair when referring to Brae and Thelma/Toni. Some have been ecstatic, predicting that quadrant 16 could contain one of the biggest oil deposits in the North Sea; at other times there has been deep despondency engendered by the suspicion that there was very little oil to be obtained commercially. For most of the time those concerned with the prospects have been simply frustrated.

Puzzling

The Brae Field is particularly puzzling, so much so that the nine partners are having to drill at least 12 wells at a cost of over £40m. before they can even consider going ahead with a development plan. The 12th well, being sunk on the southerly portion of Brae—the most promising part—is past the 8,000 feet mark and should reach its final depth towards the end of April.

Following the recent success of the 10th and 11th wells, also drilled in this southern sector, Pan Ocean and its partners are reasonably confident of finding more oil. It would certainly be a big disappointment to the consortium if No. 12 is dry. However, just in case, a possible 13th well is now under technical consideration.

If the 12th well finds, as hoped, a substantial thickness of oil-bearing sandstone (perhaps around 200 feet) then it will do much to increase the probability of commercial development. Even so this would still leave the partnership with the headache and further expense of appraising structures in the central and northerly parts of block 16/7.

There are signs that some in the consortium would prefer to see their North Sea investment being channelled towards more encouraging prospects. Ashland, for instance, is believed to be discussing with Pan Ocean's parent, Marathon Oil, the possibility of selling part or all of its stake in block 16/7. Neither company would comment on this possibility. It is not beyond question that the British National Oil Corporation will increase its stake, particularly if Brae is proved a commercial prospect.

The present participants are: Pan Ocean (Marathon Oil), 38 per cent.; BNOC, 20 per cent.; Bow Valley, 14 per cent.; Kerr McGee, 8 per cent.; Ashland, 6.3 per cent.; Ashland Canada, 1.4 per cent.; Louisiana Land and Exploration, 6.3 per cent.; Siebens Group, 4 per cent.; and Saga, 2 per cent.

None of the companies is sure how much its oil and gas assets in block 16/7 might be worth. Marathon has indicated that potential recoverable reserves from the whole block might be in the region of 500m. barrels—about the same as in the Beryl Field.

Analysts at stock brokers Wood, Mackenzie put the range of recoverable reserves at between 180m. and 560m. barrels whereas the latest report from brokers Gilbert Eliott and Company maintains that recoverable reserves approach 1bn. barrels. If this is true then Brae would be the fourth largest field in the U.K. sector of the North Sea.

At this stage no-one can be certain about Brae's potential. So much depends on the thickness gradient of the oil-bearing deposits and whether these deposits over-lay each other or are completely separate. The sediments lie at the foot of a submerged cliff; they are probably fan-shaped structures stretching out finger-like from the base of the escarpment.

The characteristics of the sand deposits, as shown by the drilling record, vary remarkedly from one area to another.

The discovery well, completed in May 1975, tested oil in the northerly section of Brae at a most encouraging rate of 22,000 barrels a day in a 500 feef section of oil-bearing sand. The amount of gas found in association with the crude was high: a gas/oil ratio of between 3,000 and 7,000 cubic feet per barrel. The second well, sunk on top of the cliff—the East Shetland Platform — tested 4,023 barrels a day from a very shallow pay zone.

The third well, again completed in 1975, seems to have identified the northerly part of the reservoir, unofficially called South Brae. This well tested oil flows ranging from 1,800 to 5,563 b/d from a 1,000 feet, section of pay-zone. The gas/oil ratio, while still appreciable, was much lower than in the first well.

The Pan Ocean partnership would probably prefer to forget the next three wells, although each provided valuable geological information. The fourth and fifth wells were drilled too close to the escarpment and resulted in only non-commercial hydrocarbon shows while the sixth tested oil at the dismal flow rate of 600 b/d from low permeability sands.

The seventh well was more successful (a flow rate of 1,385 b/d) but it was the eighth that really regenerated confidence in Brae. Oil was tested at an aggregate rate of 33.122 barrels a day from five producing zones. After the dismal ninth well (non-commercial hydrocarbon shows) Pan Ocean returned to the area of the eighth well for the most recent drilling activity. So far the move has paid off.

Three weeks ago Pan Ocean announced the result of testing on the 10th and 11th wells. In many respects the results were very similar, so much so it is questionable (with hindsight) whether both of the wells were necessary. In each case the gas/oil ratio was just over 1,000 cubic feet per barrel and the oil gravity ranged from 33 to 36 degrese. Oil flow in No. 10 well varied between 2,560 b/d and 5,950 b/d while oil in No. 11 flowed at rates between 740 and 7,073 b/d.

These figures, many of them conflicting, illustrate the complexity of Brae which will not only be one of the most baffling fields to evaluate but also one of the most difficult to develop.

In theory it could take several deep-water platforms to exploit fully all the reserves so far identified. This is out of the question if total reserves are no more than 500m. barrels Consequently, it is likely that within the next 12 months Pan Ocean and its partners will decide first to exploit the most promising South Brae area using a single platform, perhaps linked to a number of sub-sea well units. The oil would initially be transported ashore in oil tankers. On this basis Wood, Mackenzie estimates that the capital costs of development will be in excess of $600m.

There is another possibility, however. The group may decide to carry out extended production tests from a floating unit. In this way they would be able to learn more about the producing characteristics of Brae while earning some much-needed revenue.

Eventually the partnership would have to consider installing some form of pipeline system. It is a moot point whether an oil line could be justified. Much depends on further appraisal of Brae and drilling activities in nearby areas of the North Sea. Discussions have been held between a number of operators who are considering a jointly-operated pipeline, but so far the case for such a costly exercise has not been made.

Then there is the problem of handling the large amounts of gas associated with much of the oil in quadrant 16. It would be possible to re-inject this gas into reservoirs during the initial stage of production. Indeed this practice may even aid the recovery of oil. But in the longer term the Government might insist on the construction of some form of gas gathering pipeline system, possibly connected to the Frigg gas trunk line.

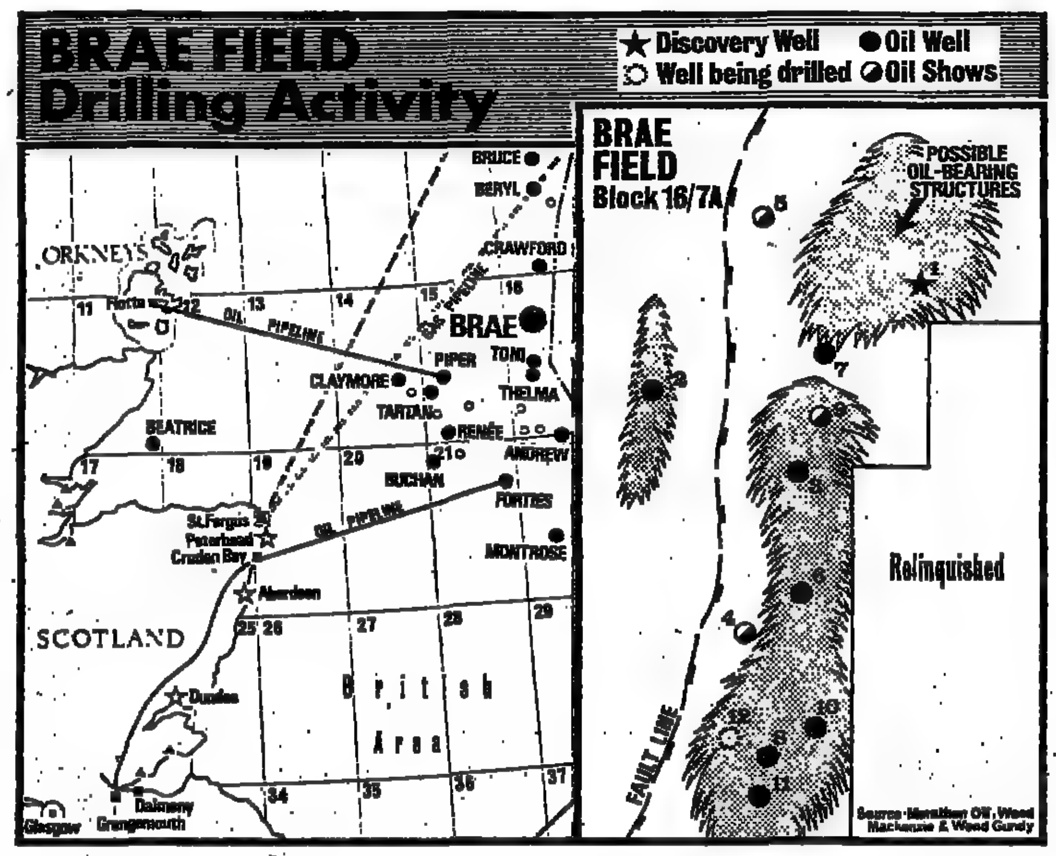
Test wells

These are problems which may well face the Phillips consortium to the south of Brae in quadrant 16/17. Here there are two known reservoirs, the Toni field with perhaps 300m. barrels of recoverable reserves and the far smaller Thelma field. It is not inconceivable that the two reservoirs are linked but this seems less likely following tests on the latest well which was sunk between the Toni and Thelma discovery wells. Phillips and its partners (Petrofina, Agip, Century Power and Light, and Oil Exploration) should complete the tests in the next few days. But already—according to market reports—it seems clear that the well has failed to find oil in the upper Jurassic layer that contains Thelma and Toni.

What the well has identified, if the market reports are correct, is a shallow strip of oil baring sandstone below the Upper Jurassic layer. Tests here are said to have produced a flow rate of around 4,000 barrels and 20m. cubic feet of gas a day.

The Western Pacesetter drilling rig is expected to sink a sixth well on the block to delineate the extent of the Toni resevoir, confirming that Phillips regards this structure as having greater commercial potential than Thelma.

As Henderson Crosthwaite and Company and a number of other brokers have pointed out it is possible that the development of Toni/Thelma may be linked to the exploitation of Mabel and Andrew to the south. Perhaps an oil pipeline, linking with Brae as well, will eventually be justified. But first many more questions about quadrant 16 have to be answered: more important much bigger recoverabe reserves have to be proved.



Shetland council accepts Sullom Voe terminal deal

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE WAY was cleared yesterday for the signing of the agreement covering the running and the cost of the port at Sullom Voe oil terminal in Shetland, which will receive crude from the Ninian and the Brent group of fields.

The islands' council decided unanimously to accept the final draft of the agrement, negotiated over the last three years. Mr. Ernest Urquhart, chief executive, said that he had received a telex from BP, on behalf of the oil companies involved, saying that it was willing to endorse the document as it stood.

A few loose ends still need to be tied up, but formal signing is expected to go ahead on March 15. The next day, talks will open between the council and the companies on the terms under which the council will lease the site to the companies.

One detail still to be finalised is the arrangement for the council to lease the seabed, on which jetties are being built, from the Crown Estates Commissioners. Mr. Urquhart said that this was a technicality, which would not affect the final signing.

It had been agreed that the oil companies, which will have to meet any costs, should be able to take part in discussions between the council and the commissioners.

The council, which yesterday had its financial and legal advisers present as well as officials from the National Ports Council, asked for reports on the pollution risks not already covered by the agreement and the conservancy levels — charges to be paid by shipping using the port — which should obtain when the port is in normal use.

These will replace the charges being made to construction traffic using Sullom Voe.

Under-sea engineers form oil consultancy

AN ANGLO-AMERICAN engineering management and consultancy service in the field of sub-sea technology for the off-shore oil industry is being formed with the name of Tokola Underwater Engineers.

The new company will operate in association with Tokola Offshore International, part of the Tokola group, and its chairman will be Mr. Alpo Tokola, president of Tokola International. The other major shareholders are Mr. Ron Goodfellow, managing director, and Mr. Peter Thornton, an executive director.

Tokola Underwater Engineers is going to invest over £500,000 in North Sea activities. It plans to specialise in off-shore and underwater installations, sub-sea control systems, inspection, maintenance and repair. The company has already started working with Oceaneering in the North Sea and with Exxon on the Hondo field.

● A British subsidiary specialising in underwater technology and the technical and financial evaluation of marginal oilfield production systems has been set up by Undersea Associates, a U.S. engineering consultancy.

The company, named Underwater Associates (U.K.), will have offices in London and Aberdeen. Its engineering design and study group, based in London, will concentrate on underwater production engineering and floating production systems for marginal fields.

The Aberdeen office will have specialists in activities such as support vessel design, submersible / unmanned vehicle operations and deep diving support operations.

LOMBARD

Myth-making about tax

BY PETER RIDDELL

ONE OF the most widespread myths about the tax system is that during the last decade there has been a major shift in the balance from indirect to direct taxes. The front benches of both parties are agreed there should be a move in the other direction and the Liberals, especially their economic spokesman, appear to worry a great deal about this alleged problem. But as Mr Pardoe learnt in a Commons written answer earlier this week from Mr. Joel Barnett, the Chief Secretary and his Treasury confidant, the trends in tax are not as straightforward as they might appear. The solutions are also not as clearcut as Mr. Pardoe might hope.

Fluctuated

The answer shows that the percentage shares of total tax revenue, including national insurance contributions, accounted for by direct and indirect taxes have fluctuated within a fairly narrow range of 46½ to 53½ per cent. in the last 20 years though the variations have been rather greater during the 1970s. Lord Barber's cuts in income tax sharply reduced the share of direct tax in 1972-73 though this had already been largely reversed before Labour came to power in 1974.

The share of direct taxes then remained at the higher end of its historic range at 52½ per cent. until the start of the current financial year, thanks to the cuts in income tax and to the imposition of the national insurance surcharge. Indeed the further cuts in income tax in October reduced the share of direct taxes to 48.6 per cent., the lowest percentage since 1968-1969. But, as the Treasury points out, it is probably fairer to take the position after the summer Finance Act (49.4 per cent.) since this anticipated a rise in allowances in line with inflation required in 1978-79.

These figures might appear puzzling in view of all the complaints about the level of personal taxation. What has actually been happening has been a switch of balance within the direct tax total. The personal taxpayer has effectively been offsetting the fall in tax payments by companies.

The result is that at a time when the overall tax burden has been rising the real level of taxes paid by individuals has increased sharply, accounting for the £5bn. rise in the real burden of income tax since the last Tory budget in Spring, 1973, stressed by Sir Geoffrey Howe.

There is general agreement that the personal tax burden should be reduced with particular stress on removing people from tax at the lower end of the scale, and reducing the marginal rate of tax and national insurance for those starting to pay tax and in the higher ranges. Action at the lower end of the scale is very expensive in revenue terms and the clear limits on the size of the net stimulus in the budget have become apparent.

The wider problems of switching were highlighted in the recent Commons debate on tax by Mr Denzil Davies, the Minister of State at the Treasury. He pointed out that increasing the specific duties on alcohol, tobacco and petrol in line with inflation would add about 1 per cent. to the retail price index while raising around £400m. The unification of value added tax at a rate of 10 per cent. would raise prices by nearly 1 per cent. raising roughly £600m.

The two moves combined would make it possible to reduce the basic rate of tax by 2p. Whether this would be worthwhile is open to doubt and there is limited scope for raising taxes on the company sector in view of the still limited recovery in its real profitability. Even though payments of Corporation Tax in the current financial year look like being much higher than expected, the total will still be little more even in cash terms than in 1974-75 and much lower, of course, in real and percentage terms.

Payroll

During the Commons debate Mr. Pardoe recognised the problems caused by the narrow base of the main expenditure taxes. His solution was a sharp rise in payroll taxes, namely the national insurance contribution, in order to finance income tax cuts. But a rise in these contributions would add to the cost of employing workers and would almost certainly increase unemployment. If anything, there is a case for cutting this tax.

The view of the CBI and the Conservative Party is that the necessary leeway for cuts in personal tax can be created by holding down public spending. But this ignores the strong pressures for necessary improvements in public services, such as hospitals, which can only partly be met by cutbacks elsewhere. The conclusion is that given the present tax structure and the monetary and external constraints, there may be limited scope for reducing the personal tax burden by increasing other taxes.

AROUND BRITAIN

A drive to fill the steel jobs void

BY JOHN GRIFFITHS

HARTLEPOOL

WHEN John Linighan arrives each morning at the British Steel Corporation's South plant at Hartlepool, where he works and is a union organiser, he can just see, across the mouth of Teesside, the outline of BSC's newest, most sophisticated but only partly developed plant at Redcar. For Linighan, and BSC's dwindling work force at Hartlepool, it is not a prospect that pleases.

Further growth at Redcar means further redundancies at Hartlepool. In a town with 16.7 per cent. of its 25,000 adult male workforce unemployed, which lost 1,500 steel jobs when iron and steel making ended at the South plant last month, and which has lost jobs in other sectors, the men of Hartlepool are waiting grimly for the decisions of the Corporation and the Government about what is to happen next to the steel industry of Teesside.

For nearly a century, Hartlepool has been sustained, with varying degrees of success, by heavy industry: by engineering, shipbuilding, iron and steel and, more recently, by North Sea oil activity. Until 1975, iron and steel was the main employer, with 5,500 men at BSC's two plants immediately north of the Tees.

Two years ago, however, the old, inefficient North works finally closed. Many men were redeployed at the newer South Plant, but several hundred jobs were lost. As a result of last month's end to iron and steelmaking, Hartlepool is left with its coke ovens, soon to close, two pipe mills, employing under 500 men, and a plate-making mill employing 1,500.

Cutbacks

The blow was more painful because GEC Telecommunications has pared its Hartlepool workforce in the past four years from over 3,000 to 2,300 as a result of Post Office capital investment cutbacks and changes in communications technology. A further cut to 1,500 is expected in the early 1980s. Laing Offshore took on a workforce of 2,600 a few years ago for its North Sea oil rig fabrication. But it has built no rigs since 1976 and its workers had to find other jobs, move elsewhere, or go back on the dole. RHM Foods has shed 550 workers. As Eddie Morley, Hartlepool's industrial development officer, bluntly observes: "To lose 8,000 jobs from just four companies within four years is one hell of a lot."

BSC's development plans envisage the pipemills continuing, but the Corporation and the Government are still considering whether to shut the Hartlepool plate-mill and build a new £250m. plant as part of the Redcar complex. This complex, at a possible final cost of £1½bn., is designed—if all phases are completed—to take in almost all steel activity from unloading iron ore to a variety of finished products. If that happens, Linighan states, "it would mean the dole queue for most of our members."

Inevitably, these uncertainties are deeply unsettling to a town which has had more than its share of setbacks since the ravages of the 1930s.

Ironically, the Redcar plant is only four miles as the crow flies from BSC's Hartlepool works, but 45 minutes' drive via the only route available — the road skirting the Teesside estuary. An acceptable commuting distance in the South-East; but Linighan suggests that for Hartlepool's steel men Redcar might almost be on the moon. With a strong feeling of community, reinforced by adversity, they have shown no enthusiasm either for uprooting their homes or for commuting. Of the 1,600 jobs created so far at Redcar, only 1 per cent. have been taken by Hartlepool men.

There is Government approval, but no money, for a tunnel under the estuary. But even if it existed, Linighan argues, there is no open door at Redcar for Hartlepool's labour force. Male adult unemployment is 10.3 per cent. in the rest of Teesside including Redcar. Some minor BSC plants south of the Tees also face closure as a result of the new Redcar plant, which must absorb some, or all, of their workers.

But Hartlepool is not taking things lying down. The latest closure—which came a year earlier than had been expected—has provided a powerful stimulus to the team of BSC, unions, Hartlepool Borough and Cleveland County officials jointly involved in a major jobs creation programme.

New jobs

Under the chairmanship of Mr. George Chetwynd, a board member of BSC (Industry), a subsidiary set up by BSC to attract other employment to areas where steel plants are running down, the New Jobs team has attracted work for nearly 1,000 men in the past two-and-a-half years. Most of the jobs are in new light industrial estates built on the now partially cleared BSC sites.

Next month, a big drive to attract more new industry is to be launched aimed at small manufacturing companies in the south-east.

It will concentrate on the financial incentives offered under Hartlepool's status as a Special Development Area, its good labour relations record, its road communications—work on the final phases of an extensive dual carriageway network skirting Teesside has just been completed—and on the availability of advance factories and housing.

The Department of Industry has recently spent about £2m. on constructing 27 advance factories on nearly 40 acres and has bought another 47 acres. Hartlepool has built roads into another site nearby which is being allocated to service industries. The advance factories are reserved for manufacturing.

As soon as the existing factories are occupied—14 already have been—the Department of Industry is pledged to provide more. Meanwhile, the BSC has spent £½m. on infrastructure for what is now Sandgate industrial park, 18 acres of the North Works site. It has made available a number of other sites and these will be added to as the rest of the North works site is cleared.

Apart from the gains made so far, at least another three companies are likely to arrive in the near future, bringing between them perhaps another 1,000 jobs. Further growth can be expected in petrochemicals, both for companies in the "downstream" sector of North Sea oil and for offshore services and maintenance operations. And Laing Offshore is dormant, not dead: with a new round of rig orders possibly not far away, there is at least a prospect of the yard reopening.

Confidence

Hartlepool has shown confidence in its future in other ways: there is a new £5.5m. shopping complex, and a new £2m. civic centre. There has also been extensive school and housing construction.

"We don't want to be known as a depressed town; we're not a depressed town," insists Mr. Morley. "It's no use crying over spilt milk about steel."

As the new light industrial base builds up, he suggests, "Perhaps we'll look back in 10 years and say the loss of the primary side of steel was the best thing that ever happened."

Bunker Hunt returns string to Maurice Zilber to-day

RACING

BY DOMINIC WIGAN

NELSON BUNKER HUNT, probably America's most successful commodity dealer and certainly the world's biggest name in international bloodstock, with an investment running into several hundred million dollars, to-day moves his horses from Francois Mathet to Maurice Zilber's stable.

Texan Bunker Hunt, who with Zilber enjoyed some memorable successes with such fine performers as Dahlia, Youth and Empery before switching to Mathet, returns a team of 12 horses to Zilber.

They include the Hail to Reason filly Trillion, arguably the best staying three-year-old of her sex in France last year, and five representatives of Vaguely Noble, a sire who has done tremendously well for Mr. Hunt.

Turning to British jumping, which has the field to itself for another three weeks or so, Norfolk Air, who was sold as a potential hurdler for 29,000 gns at the Newmarket December sales, has the Panama Cigar final at Chepstow in 8 days as his immediate target.

The five-year-old Blakeney horse, trained by Fred Rimell, won Warwick's Panama Cigar hurdle qualifier on his second appearance over timber and his subsequent efforts suggest that he will take all the beating in the final.

John Player and Sons is sponsoring the Panama Hurdle series for the eighth time and next week's Chepstow final will carry £8,000 added prize money, bringing the total for the series to £26,000.

Looking further ahead, Cavendish Cape Day at Ascot on Saturday, September 30, is to have additional support from Edward Cavendish and Sons. The £10,000 Cavendish Cape stakes, a seven-furlong handicap, continues for a third year, and the sponsors will also put up £3,000 for the Old Cape Colony stakes, which replaces the Red Deer stakes on last year's corresponding programme.

After a surprising number of withdrawals at the final declaration stage, to-day's Newbury card makes little appeal. For anyone wanting an interest there, Killwarren, among the runners for the opener, Div. I of the Whatcomb Hurdle, may be the answer.

I feel sure that this highly rated young novice did not produce his best form when only fourth behind Explorateur at Ascot last time out and am prepared to give him another chance to prove that he simply had an off-day there.

NEWBURY

2.00—Killwarren***
2.30—Queen's College*
3.30—Desert Wind

HAYDOCK

2.15—The Allekadoo**
3.15—Bold Warrior

Bonhams achieves its top price for single item

SALEROOM

ANTONY THORNCROFT

THE SALEROOMS came alive yesterday with quite a few excitements. Bonhams managed its highest price for any single item when a Louis XV secretaire, by Bernard van Risenburgh, sold to a Continental buyer bidding by telephone for £30,000. Only one lot has fetched a higher sum at Bonhams, a pair of pictures which may £39,000 in 1973.

All told the furniture brought in £99,320, and to make it a good day for this saleroom its morning auction of Continental and Victorian pictures made £97,141, including the 10 per cent. unsold. "The Tea Party," by Vittorio Reggianini, made a good price of £6,600; and Henderson paid £2,200 for "Portrait of a Little Girl," by Wilhelm Velten; and Pratt £2,200 for a pair of paintings, by William Angus.

The £30,000 secretaire.

A diminutive waistcoat, that once belonged to "General" Tom Thumb, the 31-inch dwarf who was a 19th-century show business sensation in America and Britain, was sold for £130, twice the estimate, at Phillips. The waistcoat is in beige cashmere, with woven designs of flowers, and measures 8 in. from nape of neck to waist.

It was bought by Miss Janet Steen, a research assistant of the Theatre Museum housed in the Victoria and Albert. It will go on display in the theatrical collection, which moves to Covent Garden in 1980.

Christie's held an interesting jewels sale in New York on Tuesday, where jewellery which belonged to the late Joan Crawford sold for £77,855. Diana Barrows, the 12-year-old star of the hit musical Annie, was in the saleroom to buy two items, a charm bracelet for £850 and a ruby and diamond watch for £680. All told the auction realised £264,217.

In London yesterday Christie's made £67,170 from modern British art. "Bacchus and Ariadne" by Sir William Russell Flint sold for £3,600; "March Sunlight, Venice," by Edward Seago, for £2,200; "Morning in Paris," by Charles Cundall, for the same; and "Head of a Girl," by Sir James Shannon, also. There were three auction records for artists, £2,200 for "Landscape with Houses and Trees," by Richard Wyndham; "Flowers in a Porcelain Bowl," by Laurence Biddle, for £750; and "The River; Hammersmith Bridge," by Ruskin Spear, for £550.

An Italian walnut bureau-cabinet from the mid-18th century was the top lot at £5,200 at Christie's sale of Continental furniture. It went to an anonymous buyer in a sale which totalled £104,878.

Belsac, the German dealer, paid £5,000 for an 18th-century Dutch palisander and marquetry armoir, and a marquetry cabinet in the manner of J. F. Oeben went to the French dealer Sabet for £4,800. A Low Countries elm commode of Louis XV style went to another French dealer, Castoriano, for £3,400.

The main event at Sotheby's was the first sale at its new saleroom for Sotheby Bearne Torquay at Rainbow, a converted country house. The auction of ceramics and glass totalled £28,588 with a best price of £1,550 for a pair of Satsuma vases and covers sold on behalf of the Save the Children Fund.

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BBC 1

† Indicates programme in black and white.

6.40-7.05 a.m. and 7.30-7.55 Open University. 9.30 For Schools, Colleges. 10.45 You and Me. 11.05 For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Mr. Benn. 2.05 For Schools, Colleges. 3.00 Cyfraith Hywel. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Dorothy. 4.25 Jackanory. 4.40 The Clangers. 4.55 Crackerjack. 5.35 Ludwig.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.40 Sportswide.
7.00 Cartoon Time.
7.10 The Wonderful World of Disney.
8.00 The Goodies.
8.30 Going Straight.
9.00 News.
9.25 Life at Stake.
10.15 To-night (London and South-East only).
10.45 Regional News
†10.46 The Late Film: "Whatever Happened To Baby Jane?" starring Bette Davis and Joan Crawford.

All Regions as BBC 1 except at the following times:—

Wales—11.05-11.25 a.m. For Schools. 1.45-2.00 p.m. Sioncyn Sboncyn. 5.55-6.20 Wales To-day. 7.00 Heddiw. 7.25 Young Musician of the Year. 8.00-8.30 The Good Life. 9.25 The Hong Kong Beat. 10.00 Kane on Friday. 10.30 Ryan: Poems and Pints. 10.55 News and Weather for Wales. 10.57-12.30 a.m. "Above Us The Earth": documentary about the closure of Ogilvie Colliery.

Scotland—10.23-10.45 a.m. and 11.05-11.23 For Schools. 5.55-6.20 Reporting Scotland. 10.15 Spectrum. 10.45-10.46 News for Scotland.

Northern Ireland—10.23-10.45 a.m. For Schools (Ulster in Focus). 3.53-3.55 Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Perspectives. 10.45-10.46 News for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Points West (Bristol); South To-day (Southampton); Spotlight South-West (Plymouth). 10.15-10.45 East (Norwich) On Camera; Midlands (Birmingham): Top Gear; North (Leeds) Let the People Talk; North-East (Newcastle) Friday North; North-West (Manchester) Watchwords; South (Southampton) Edward Thomas; South-West (Plymouth) Peninsula; West (Bristol) The Past Around Us.

BBC 2

6.40 a.m. Open University.
11.00 Play School (as BBC 1 3.55 p.m.).
4.55 p.m. Open University.
7.00 News on 2 Headlines.
7.05 Indoors Outdoors.
7.30 Newsday.
8.10 The Money Programme: EEC—On the Brink? The Common Market as an economic ideal
9.00 Pot Black '78
9.30 The Mike Reid Show.
10.15 Horizon
11.05 The Mayor of Casterbridge.
11.35 News Summary.
12.00 Closedown: Richard Pehn reads "Lament for a Leg" by John Ormond.

LONDON

9.30 a.m. Schools Programmes. 11.54 Felix the Cat. 12.00 Song Book. 12.10 p.m. Daisy, Daisy. 12.30 Look Who's Talking. 1.00 News plus FT index. 1.20 Help! 1.30 Money-Go-Round. 1.55 Beryl's Lot. 2.25 Friday Matinee "The Pajama Game," starring Doris Day. 4.15 Horse in the House. 4.45 Magpie. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames at 6.
6.35 Crossroads.
7.00 Mind Your Language.
7.30 Mixed Blessings.
8.00 Survival Special.
9.00 The Professionals.
10.00 News.
10.30 Police 5.
10.40 An Audience With Jasper Carrott.
11.10 Baretta.
12.05 a.m. Stars on Ice.
12.35 Close: Ursula Hanray reads a poem by Frances Cornford.

All IBA Regions as London except at the following times:—

ANGLIA

ATV

BORDER

CHANNEL

GRAMPIAN

GRANADA

HTV

HTV Cymru/Wales—As HTV General Service except 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.15-4.45 Llamu'n ... 6.00-6.15 Y Dydd. 10.35-11.05 Out look.

HTV West—As HTV General Service except 1.20-1.30 p.m. Report West Headlines.

SCOTTISH

SOUTHERN

TYNE TEES

ULSTER

WESTWARD

YORKSHIRE

RADIO 1 247m

(S) Stereophonic broadcast

RADIO 2 1,500m and VHF

RADIO 3 464m, Stereo & VHF

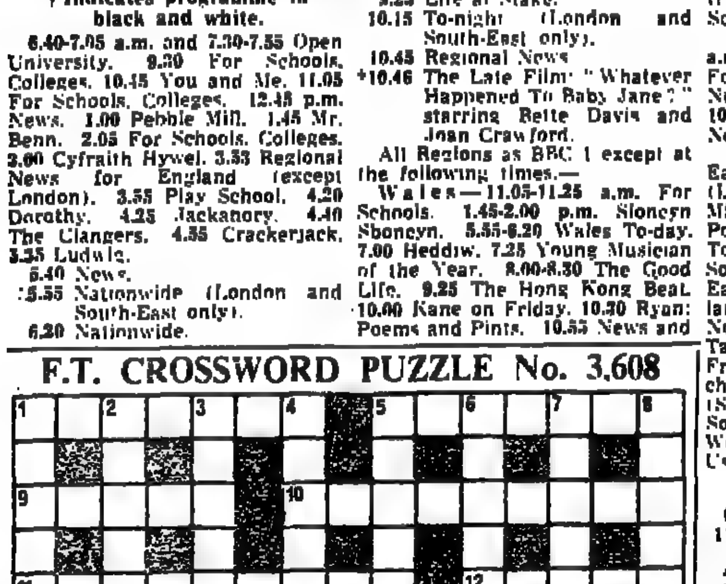
RADIO 4 434m, 330m, 285m and VHF

BBC Radio London 206m and 94.9 VHF

London Broadcasting 261m and 97.3 VHF

Capital Radio 194m and 95.8 VHF

F.T. CROSSWORD PUZZLE No. 3,608



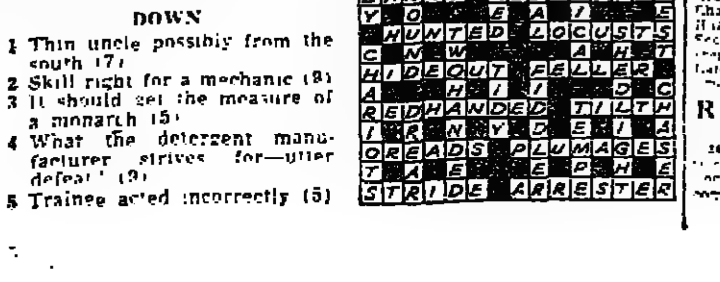
ACROSS

1 Bird to fish; noise (7)
5 Produce about a thousand to burn (7)
9 Praise former lot returning (5)
10 Caste leader in India going in mountain for a sign (9)
11 Some French start working for postponement (9)
12 Nasty thorn in pole (5)
13 Gather herb round church (5)
15 Find out when sure (9)
18 Arab with cat to flog (9)
19 Archer takes trophy I had briefly (5)
21 Turner, whichever way one looks at it (5)
23 Fish with broken cane perhaps (9)
25 Breaking up a bit of bread and fish (9)
26 Employment making you and me get older (5)
27 Threat to include Oriental on that account (7)
28 The pulse of the policeman's round (3, 4)

DOWN

1 Thin uncle possibly from the south (7)
2 Skill right for a mechanic (8)
3 It should get the measure of a monarch (5)
4 What the detergent manufacturer strives for—utter defeat (9)
5 Trainee acted incorrectly (5)
6 Peculiar fellow could be a crank (9)
7 Following behind Her Majesty (5)
8 Acquire article inside made of clay (7)
14 Detestable river-fish the French follow (9)
16 Newspaper article appropriate for the author's protection (9)
17 A page and another one about the end in something added (9)
18 Plant making type of chariot (7)
20 The most profound river plague (7)
22 Caught in genuine respite (5)
23 Significance of putting nothing in a man's drink (5)
24 Building with two gases to utilise (5)

Solution to Puzzle No. 3,607



Phoenix

Kings and Clowns

by B. A. YOUNG

Leonard Burt

Dilys Watling and Frank Finlay

Kings and Clowns — book, lyrics and music by Leslie Bricusse—leaves the British musical still floundering at the bottom of the table. It surveys the six marriages of Henry VIII with no object but to squeeze laughter from them: Sellar and Yeatman in *1066 and All That* were serious historians in comparison. There is not enough factual material to last the whole evening, since Mr. Bricusse puts in nothing by way of background, so dead or divorced queens return from time to time to maintain interest. Jane Seymour even has her baby after we have attended the marriages of Anne of Cleves, Catherine Howard and Catherine Parr.

Henry, whom Frank Finlay impersonates with immense effort but little success, is the only king involved, and there are no clowns, only Will Somers the king's jester, a kind of singing compere (Ray C. Davis). The songs are mercifully different from the vacuous rinky-tink sound of to-day's popular music. They are vacuous all right, but to an older, more mellifluous formula. The lyrics are vacuous too; they rely not on wit but on sequences of rhymes that suggest a metrical rhyming dictionary. The dialogue is made up from the oldest music-hall jokes you can remember. "The Pope won't stand for adultery." "He won't take it lying down." Only Anna Quayle as Anne of Cleves succeeds in ever making it sound funny, and this is because she mostly speaks in an incomprehensible Flemish accent.

The director is Mel Shapiro, who is compelled by the poverty of his material to introduce numerous simple end-of-the-pier routines whether relevant or not —Will Somers on a skateboard, for instance, or Anne of Cleves walking silently across the stage in her stays. Dily Watling as Anne Boleyn seduces the monarch with a strip routine, revealing as pretty a bum as I have seen. Perhaps end-of-the-pier entertainment is what is intended. If so, it seems a terrible waste of Frank Finlay.

ICA Theatre

Scared to Death

by MICHAEL COVENEY

Het Werkteater from Amsterdam is a long-established group dedicated to the discussion of social issues through improvisation. In the second of two shows visiting the ICA and, next week, the Oval House, we are treated to a cool and entertaining account of life in a hospital ward for patients dying of cancer. Facing death is as difficult for the dying as for those they leave behind, a point hilariously underlined in an opening, unrelated prelude, where funeral arrangements and style of coffin are discussed by relatives of a 20-year-old boy who has committed suicide.

The villains of the piece are inevitably the hospital staff, unwilling or unable to deal frankly with their patients. But the resulting tensions are never presented as glibly as that. We see a nurse anxious to get home early for a dinner party leaving a reluctant doctor to fix a saline drip for a talkative terminal case. He pads carefully around the bed but is caught at the door. His pain at being involved is, of course, comparatively minor to that of the man on the bed, but it is pain of a sort nonetheless. In another interlude, an old man dies in the arms of his grandson while reminiscing lyrically on happier times. The very old can sometimes learn to accept the worst with serenity; the very young have innocence as an aid to understanding.

In the middle, things are more difficult. A dying girl's boyfriend can crack up on cue for a sympathetic TV camera but does not have sufficient love to carry him over the course. A married woman is shaken firmly by her cancer-ridden arm by a busy doctor but is never informed as to why she has to stay in hospital for a month of blood tests. Once told that she is going to die, however, she is able to come fully to terms with her situation, even comfort a sleepless companion in a neighbouring bed.

The actors—Yolande Bertsch, Cas Enklaar, Hans Man in't Veld, Shireen Strooker, Gerard Thoolen and Ivan Wolffers—have created a startling piece of theatre during an extended rehearsal period drawing on interviews, research, discussion with doctors and performances in hospitals. There is, in everything they do, an admirably delicate regard for how people talk and behave under severe strain. As a final bonus, the company performs, for our benefit and edification, in English.

Paul Scott

The death of Paul Scott, at the age of 57, has robbed the English novel of a skilled practitioner. His fame rests, and will continue to rest, on four books known collectively as the Raj Quartet which present a marvellously well-observed and perspicacious view of life in the India subcontinent in the 1940s.

Scott, a Londoner by birth, had served there during the war and returned for his subject matter when he took up full-time writing afterwards. It was an audacious bid to try to become the successor of Kipling and E. M. Forster, but he gained in confidence as the Quartet proceeded and by its conclusion his name was firmly engraved on the role of honour of those Englishmen who have written well about India.

Recently, Scott produced a sequel to the foursome, based on the fortunes of two of his characters after Independence. It was called Staying On and it won him the prodigious Booker Prize for fiction. Apart from his own talents as a novelist, Scott had a formidable knowledge of literature, both as a reader and a reviewer. His opinions about the work of his contemporaries commanded widespread respect.

A. C.

Prospect at the Old Vic

After its successes of 1977 the Prospect Company will stay longer at the Old Vic in 1978. In all it will occupy the theatre for 30 weeks between now and December, mounting seven new productions. There will be a Festival of British Comedy, featuring *Twelfth Night*, which opens the season on April 20, *The Taming of the Shrew*, *The Rivals*, and *The Double Dealer* by Congreve. Other plays to be performed are *Ivanov*, *King Lear*, and, to celebrate Christopher Fry's 70th birthday, *The Lady's Not for Burning*.

Among the actors appearing are Anthony Quayle, as King Lear, Derek Jacobi, as Ivanov, Eileen Atkins, as Viola in *Twelfth Night* (a modern dress production by Toby Richardson), plus Michael Dennison, Barbara Jefford, Louise Purnell, and Prunella Scales. There will also be 20 weeks of touring the country.

Cinema

Decline and fall of the American dream

by GEOFF BROWN

Looking for Mr. Goodbar (X) Plaza 1

The Baker's Bread ICA

The Boys in Company C (X) ABC Shaftesbury Avenue

Tomorrow Never Comes (X) Leicester Square Theatre

The Four Feathers (U) Warner West End

Some films, according to their credits, are merely written, while others are "written for the screen"—usually indicating that the writers have been particularly literate, or particularly pretentious, aiming at something with the density of a theatrical play. *Looking for Mr. Goodbar*, taken from the novel by Judith Rossner, is most assuredly written for the screen by its director Richard Brooks: for better or worse, the whole weight of the film and one's response to it lies in the way the characters are scripted and manipulated. Here, it must be said, the situation is for the worse. Brooks, always a man to speak his thoughts at length about various matters of moment, has taken hold of Rossner's novel (about the sadly warring strands within the personality of a female teacher) to produce a strident fable for our time. The film simply writhes with loathing at the current state of America with its rampant amorality, its battery of guilts and neuroses (Catholic upbringings and Vietnam are just two of the causes). To provide a token sense of balance, there are also pleas for togetherness, understanding ("We all need somebody who won't blame us") and truth telling ("Here lies love—and lies and lies and lies!" says the heroine's marriage-happy sister, staring at a large mattress).

Writers who write for the screen often write themselves into the proceedings, and it's tempting to see the angrily moral writer-director as the heroine's father (Richard Kiley, every sentence of whom is a snarl (usually anti-feminist in intent) and every action a sweep of disgust (a plate of runny eggs is thrown straight into the sink after a second's glance). For Brooks has conceived his film in a similarly overwrought frame of mind, struggling valiantly to pull our hearts and minds right, left and centre, backwards and forwards. As an example, take the hectic moments which follow when Theresa, the wayward teacher of deaf children who frequents singles bars in her search for non-binding relationships, throws the unsavoury Tony out of her flat. Her sister Katherine (Tuesday Weld, utterly wasted) tries to find some ice to bathe her wounds and returns from the fridge with an orange lollipop (one of the few bright objects in this deliberately dingy film). Amid hysterical screams she fetches a towel, which is discovered to be crawling with roaches. More hysterical screams follow; we then abruptly cut to Theresa's deaf children lined up by a piano singing "Silent Night." Throughout Brooks' direction garnishes the hysteria of his script by the clumsy use of visual symbols: actors and camera go out of their way to draw attention to the depraved objects in Theresa's flat — the glass mobiles decorated with suggestive shapes, the blood-streaked face of a wall poster.

Theresa is played by Diane Keaton, currently riding high after her success in *Annie Hall*. She acquits herself splendidly under the gruelling conditions and her comic gifts go a long way to make her character less repellent than the rest. And one must be grateful that Hollywood still has people working in the mainstream of production who can conceive and carry through such an independent project, marking it with their personal style and beliefs. The trouble is that Brooks seems incapable of marking with anything lighter than a road drill, and the sad truths of Theresa's story have been replaced by an unpleasant mixture of hot air and sour grapes.

★

Compared to the onslaught of hysterical sermonising in *Looking for Mr. Goodbar*, *The Baker's Bread* (showing in repertory at the ICA) comes as a most delightful breath of fresh air. Or perhaps I should say a loaf of fresh bread—for baking and bread is what this gently observant German film (directed by a baker's son, Erwin Keusch) is all about. The apprentice Werner Wild (well played by Bernd Tauber) arrives at a small town bakery and we watch his gradual involvement in family and civic matters, his affairs of the heart and growing mastery of his trade. One of the baker's sons has his head teeming with theories and formulae about the relationships between society, economy and industry; but neither his father (a conscientious worker who eschews automatic aids) nor the apprentice have a great deal of time for him. Neither, one feels, does the director: all three share an intuitive approach to the matters at hand.

Asked at the beginning why he wants to be a baker, Werner simply replies: "I like good bread." And it's one of the film's strengths that it communicates so well a passionate concern for the craft and quality of this most staple of commodities—as Nigel Andrews said in this column reporting on the film from Berlin (it was also shown at the London Film Festival)—"What *Moby Dick* is to whaling, this film is to bread-making." From his unusual perspective, Keusch demonstrates the kind of close scrutiny of ordinary people that happens all too rarely on cinema-screens, using a directing style as unassuming as the film's subject matter and characters. *The Baker's Bread* is civilised, civilising and recommended.

★

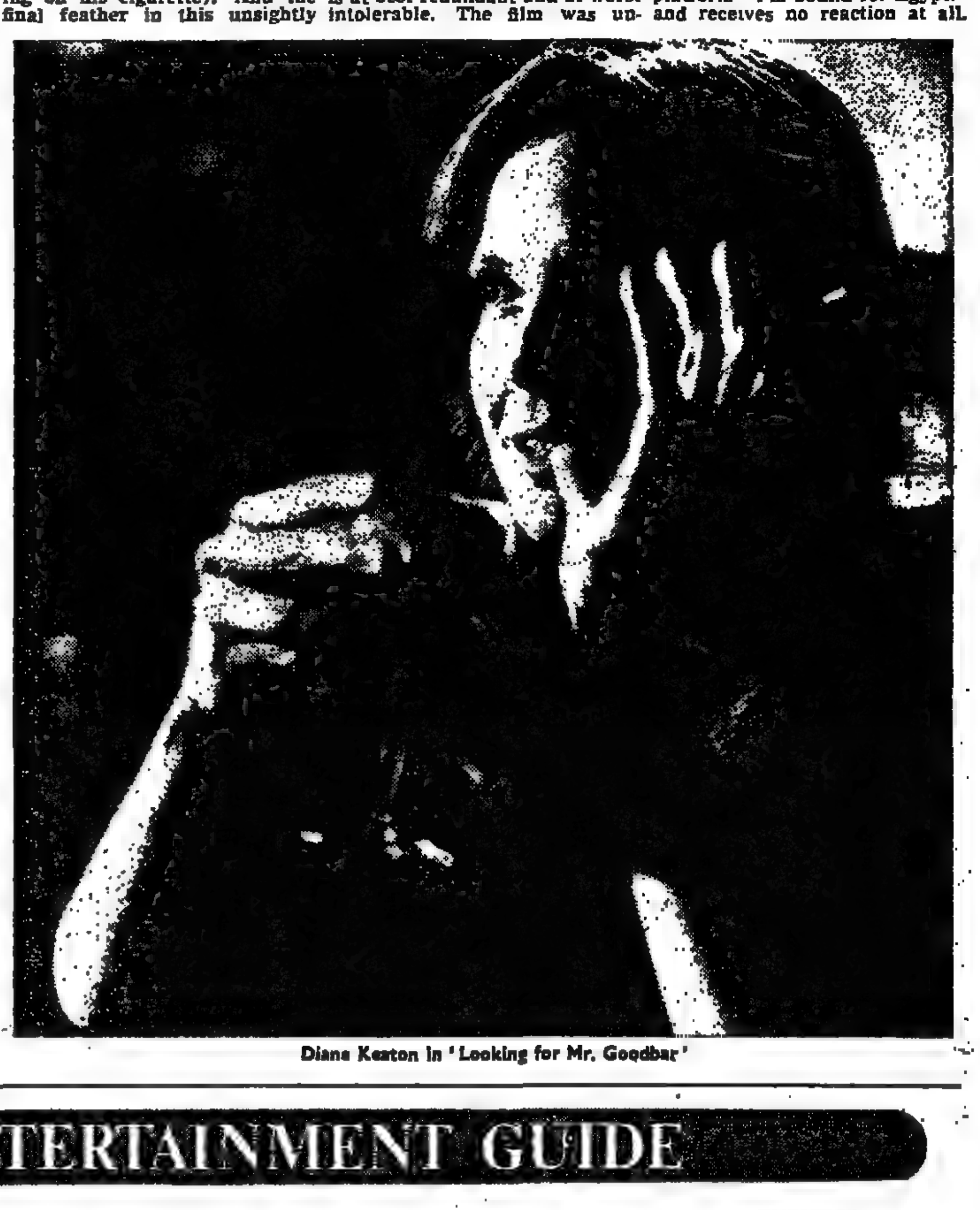
Meanwhile, the Hollywood powers seem to have decided that the time is now ripe to revive the Vietnam war on the big screen. First off the mark in the new cycle is *The Boys in Company C*, shot in the Philippines, which strives to do for Vietnam what *M.A.S.H.* did for Korea, only not as ambitiously and not as well. But at least director Sidney J. Furie and his writer Rick Natkin manage to achieve a certain B-feature proficiency. The cast consists of the accustomed stereotypes: various members of the Marine Corps company are sensitive, street-smart, cool, and black; their commanding officers are abusive, bullet-headed, close to breaking point. The comedy is of the bitterly ironic kind. Men are killed transporting "essential supplies," which turn out to be General Dearborne's birthday haul of whisky, hunks of meat, and other goodies; intelligence reports encourage the company to lay waste a Vietcong communications centre—they tiptoe up instead to a relay booster for Radio Hanoi. Natkin and Furie's dialogue steers well clear of wit, settling instead, somewhat tediously, for barrack-room language; when the film is shown on American television the soundtrack will be one bleep after another. But the pointed performances of the cast (less than starry and all the better for it) help to keep things palatable. However, it's a little dispiriting that *The Boys in Company C* is essentially no different from any other Hollywood war comedy from any other era—behind the surface awareness of the war's insanities, the basic attitudes are conventionally bland and sentimental. After Vietnam one might have hoped for something more incisive.

★

On the other side of Leicester Square there is an exceedingly grotesque Canadian-British co-production, directed in a ham-fisted manner by Peter Collinson. *Tomorrow Never Comes* is the title, though they might easily have called it *Tomorrow Will Certainly Come* for all the bearing it has on events. One comes away with the impression that the film is the result of a freakish masquerade party held by cast and crew, for everyone in it seems out of place and out of hand. There's Oliver Reed, freed from his bully boy roles to play a Canadian police lieutenant with a dash of grey in his hair, stylish specs and a doubly stylish blue suit. His job is to winkle the gun out of the hands of a brain-damaged jealous lover (played by Stephen McHattie, giving one of the film's few good performances), who is holing up with an overweight Susan George in a lake-side cabaña. Also on view is Raymond Burr, out of his *Ironside* wheelchair, and Donald Pleasence (playing a thickly European doctor, forever coughing on his cigarette). And the final feather in this unsightly cap is provided by John Osborne, who appears as the town's smooth English bigshot. The lowest point of all is reached when the author of *Look Back in Anger* shields himself from expected bullets by crouching behind Oliver Reed's blue bulk, peeping out occasionally over the shoulders and at the sides; he then grovels on the ground. The film's perversity robs it of all tension.

★

On the subject of feathers, there are four of them constantly on display in *The Four Feathers*, a remake of A. E. W. Mason's creaky tale of English courage and honour in the face of fiendish Sudanese dervishes. To anyone with memories of the 1939 Korda version, with its upstanding, sincere performances by John Clements and Ralph Richardson, its sumptuous music and photography, this present version (directed by Don Sharp) is at best redundant and at worst intolerable. The film was undeservedly graced with a Royal Charity Premiere, but no opening night glitter can hide the fact that it's shoddily made and damagingly miscast: Beau Bridges is sadly dull as the pacifist hero who returns the white feathers of cowardice to his accusers by performing dizzy feats of derring-do with the aid of native Richard Johnson, blacked up to the nines. But the film's overriding fault is that no one seems to have any attitude towards Mason's novel. One cannot exhume elderly characterisations and codes of behaviour and expect them to come alive without a little attention (and it doesn't necessarily have to be loving attention). But everyone seems to have ignored the fact that they were working with a corpse. The film-makers' lassitude has even affected the bit players: there is one odd moment when Bridges leans out of his railway carriage, shouts to the guard on the platform "I'm bound for Egypt!" and receives no reaction at all.



Diane Keaton in 'Looking for Mr. Goodbar'

Festival Hall

Carter's Piano Concerto

by DAVID MURRAY

Elliott Carter's knottily dramatic Piano Concerto had its second London performance on Wednesday night, with the BBC Symphony under the courageous direction of Charles Mackerras. The masterly soloist was Charles Rosen, who is nothing if not articulate—and articulacy is the heart of the matter. Carter's later works make notorious demands upon their performers: here, Carter has cunningly assigned the executive hurdles—wildly disjunct lines, rhythms which break away at tangents, dynamic extremes to be taken in single breaths—chiefly to the pianist and a virtuoso group of seven concertante players. The conductor must hold all this, together with the broad gestures of a massive orchestra, in a single God's-eye view. Most of the time the challenge was creditably met, and the baleful power of the work struck home.

From first to last, the path through Carter's entangled thickets was marked out by Rosen's high-definition performance. "Impersonation" one could almost say: for the role of the piano here is not to expound and elaborate themes—rather it *is* the protagonist incarnate. Carter has come more and more to assign musical physiognomies to his solo players (fixed by individual diction and a bias towards particular intervals: the piano of the Concerto speaks much in Brahms' beloved sixths) which take the place of the traditional business of proposing "subjects" for mutual discussion. The listener with inherited expectations looks out for principal themes, and is baffled by the ceaseless proliferation he hears: where ever are the basic pitch-patterns from which all this should derive?

Nothing, however, is being wilfully concealed: the intentions are open as can be. The difference between a philosophical dialogue and a dramatic one is that in the former only what's said matters; in the latter, what is crucial is who's saying it. A musical phrase does not express a proposition. In Carter's music, the *dramatis personae* are established by purely musical means which answer to the gestures and tricks of phrase of theatrical characters. In Piano Concerto, the soloist and his concertante partners first expand and explore in contact with the orchestra; then the orchestral mass acquires a choking density which threatens the private enterprises of the piano. Rosen made something intensely moving of the final wounded solo retreat.

Earlier, Mackerras had begun Stravinsky's Symphony in Three Movements boldly; the andante wanted a stiffer spine, and in the Finale the orchestral pianist undertook the fugue so shyly and apologetically that the performance simply expired. After the Carter, Mackerras settled into Bartok's Concerto for Orchestra with perceptible relief and confidence in the idiom: though his players were starting to flag. The trumpets wilted early; in the "Game of the Couples," a contest of ironic diction, the bassoons won hands down.

Wigmore Hall

L'École d'Orphée

by NICHOLAS KENYON

Another highly skilful display of contrasting baroque styles by this stylish quartet of instrumentalists. The halves of Wednesday's concert presented French, then Italian music, culminating in the work of Couperin and Corelli; each half began with a work of unusual interest by little-known composers — the Frenchman Francois Du Val, who belonged the King's 24 *violins* as the 18th century began, and the Italian Dario Castello, who was in charge of instrumental music at St. Mark's Venice in the late 1620s.

The special quality of lively precision which marks L'Ecole d'Orphée's performances ensure that the work of these lesser masters receives no less care and commitment than those of well-known composers. The matching of John Holloway and Ingrid Seifert's authentic violin playing is now even better than it was: deft, neat ornaments in the Du Val, and bold, resonant semiquavers in Castello's Sonata—each player maintains an individual voice, but they coordinate like the finest of vocal duettists.

The quartet still seems more at home in the gravely passionate, essentially introverted music of the French school than in the more sheerly brilliant and open Italian style. Harpsichordist John Toll contributed a dark and serious Suite by D'Anglebert, and Charles Medlam made a group of bass viol pieces by Marais into a highlight of the evening—supple, flexible playing which touched the heights of virtuosity and (in the *Plainte*) the depths of emotion.

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Friday March 3 1978

Moscow goes too far

EAST-WEST relations are entering a dangerous phase, in which the risk is increasing of a new confrontation between the two super-powers. Soviet and Cuban intervention in the Horn of Africa is beginning to cause serious concern in the West — *not only in Washington*, but also among the European members of NATO, many of whom are frustrated at Western inability to counter Russian expanionism in a key strategic area.

Neutron bomb

The second round of strategic arms limitation talks is running seriously behind schedule, with both Moscow and Washington accusing each other of deliberately holding up agreement. In Belgrade, the Soviet Union is refusing to allow the Helsinki review conference to end in a way that the West can accept as satisfactory. Meanwhile the U.S. is considering announcing that it is prepared to go ahead with production of the so-called neutron bomb—a move which is bound to exacerbate East-West tensions, however correct the decision may be in purely military terms.

Whether it be in the SALT negotiations, Belgrade, mutual force reduction negotiations in Vienna or in Africa, there has been no sign in recent months that Moscow is prepared to make a single concession to the Western point of view. The Soviet Union would undoubtedly argue that there is no link between these different policy areas. But the West is entitled to respond, as it is now doing, that detente is indivisible. The Soviet Union *cannot* expect to get away with a series of individual hostile or unco-operative acts, as it chooses, and still expect to reap the wider benefits of East-West co-operation in other areas.

There are almost certainly a number of overlapping reasons for Moscow's intransigence. The power *struggle for the succession* to the present ageing generation of Kremlin leaders is bound to harden attitudes to the outside world. Nobody in Moscow wants to be accused retrospectively of having sold out Russian interests after the new leaders are installed. At the same time, American reluctance to play an active external role in the wake of Vietnam has coincided with the spread of Soviet global military power. Moscow does not need, and probably dose not have, a grand design for world subversion. There are more than enough opportunities *for* ad hoc adventurism.

The time is now coming when the West will have to decide how to react. A harder line is reappearing in the U.S. Congress, and in Western Europe public opinion is becoming increasingly alarmed at the continuing military build-up by the Warsaw Pact. Detente may mean something different in Moscow, London and Washington. But the West has every reason to ask why the unabated expansion of the East's offensive capabilities should be continuing regardless.

There is no need to match force with force. It would be *folly*, for instance, to send Western troops to Somalia. In Europe, the West needs only sufficient strength to contain a hypothetical attack by the Warsaw Pact, not necessarily the same amount of arms and men. But it is high time that Moscow is made to realise that there is limit to the tolerance of Western Governments, Parliaments and public opinions if a general climate of co-operation is to be maintained between East and West.

Technology

The East needs Western technology and, frequently, Western food. Moscow's current policies are bound to increase resistance to their supply — in the U.S. Congress if nowhere else. They are also making it look increasingly unlikely that Congress will ratify a new SALT agreement. Washington is quite right to warn that the SALT negotiations are in jeopardy.

It is important to understand *that a breakdown of the SALT* talks would mean the unleashing of a new arms race which would consume vast resources on both sides. The fact that the West would win such a race is its ultimate trump card. It must be hoped that this is clear enough to the Russians to avert the need for it to be played.

New house price jitters

BUILDING societies are not anxious to talk about what went on at yesterdays's monthly meeting between their representatives and those of the Government, since the matter has to be formally discussed at next week's meeting of the Building Societies Association. In general terms, however, it seems clear that the Government persisted in its view that the rate of mortgage lending agreed with the Association only two months ago should now be reduced to some extent. It is not suggested that the societies should seek to choke off *the inflow of funds* by cutting interest rates, but rather that they should build up a reserve against the time when money becomes scarcer. The latest issue of *Government* stock was at least partly intended to meet this situation.

The Government attitude is an inheritance from the understanding reached between the societies and the late Mr. Crosland, that they should seek to avoid major fluctuations in their rate of lending and so in the level of new housebuilding starts. Since the financial situation of the societies can change quickly while the housebuilding cycle is a relatively long one, the basic idea is sensible enough. And Ministers at present are said to be alarmed—especially with an election not too far off—by reports that house prices are beginning to rise steeply.

Going along

The building societies will almost certainly agree to go along with the Government's wishes. Quite apart from the danger of more direct official intervention in their affairs if they do not respond to indirect pressure, they have no wish to be blamed for any jump in house prices that may take place. The memory of the last round of gazumping is still painfully fresh. But they do not, in fact, believe that a very steep rise in the average price of second-hand houses is likely, and they argue that a fairly sharp rise in the price of new houses is needed to get this depressed section of the construction industry back to life.

The price behaviour of second-hand houses, on which far the greater part of mortgage advances is made, is likely to vary greatly from one part of the country to another. Quite sharp increases have already taken place in particular parts and may well continue, though foreign demand in London now seems to be past its peak. But most societies reckon that the average increase over the country as a whole this year *is likely to be around* 15 per cent., against last year's 8 per cent. Given the increase in demand likely to be produced by higher real disposable incomes and cheaper mortgages, this would not be a remarkable result — certainly not one remarkable enough to justify an official attempt to fine-tune the housing market.

New building

The societies estimate that the average cost of a new house will rise somewhat faster this year, perhaps by 20 per cent.—again because of the pent-up demand that will be released by higher earnings and cheaper loans. But building costs have *risen with everything else*, while demand for new houses has until recently been low. New housing starts so far this year are only slightly better than the dismal figures for 1977: they cannot rise rapidly in any case, for purely physical reasons, and are unlikely to rise more than very slowly unless the small builder sees the *opportunity of* a decent return on his investment. If the Government wants a revival in the housebuilding programme, it will have to allow a fairly sharp rise in the price of new houses. That does not, of course, mean a runaway boom. Whether Ministers or building societies are right about the risk of such a boom will become clearer as the months go by — and lending policy, if necessary, can be adjusted accordingly.

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The battlefield for a new U.S. military radio contract

BY MAX WILKINSON

THREE British electronics companies are waiting in suspense for the announcement of a major U.S. military contract which is expected to be awarded shortly.

The contract is for the development of the next generation of U.S. battlefield radio sets. Total orders from the U.S. are expected to be worth more than $1bn. up to the end of the century with the possibility of substantial extra demand from other NATO countries. The winner of the development contract *clearly stands a good* chance of gaining a sizeable slice of this business.

The reason for the excitement in Britain is that three of the four consortia which made bids have a substantial British element. In one group, Racal is the senior partner with a 70 per cent. stake. It has managed to persuade the much larger RCA to join as a subcontractor to provide a U.S. partner.

The U.S. *Defence Department* is therefore facing the possibility that a major item of its military equipment could be developed in Britain.

This possibility, still fraught with political uncertainties, *arises from the Memorandum of* Understanding between the U.K. and the U.S. which allows American companies to bid for U.K. defence contracts and vice versa. In this case it is thought the Pentagon has been anxious to have a European input in order to keep open the possibility that the new radio system could become standard for the whole of NATO.

On the other hand the whole issue of whether the large U.S. institutions will accept British technology has been raised in an acute form by the controversy about new automatic landing systems for the world's airports. Plessey, which claims to have a superior system, has been fighting against intense opposition, to gain acceptance for its "Doppler" equipment from the Federal Aviation Authority. Although the details of the military radio contract are quite different, some of the same problems could emerge.

The three British companies in the bidding—Racal, Plessey *and GEC (Marconi Space* and Defence Systems)—are all in a relatively strong position because they were partners in the development of the British Army's Clansman family of military radios. Clansman is generally considered the most advanced system of its type, although it will be superseded by the new U.S. radios.

Apart from the Racal-RCA combine, the other consortia are: Plessey with GTE-Sylvania, Marconi and Cincinnati Electronics and the American-owned ITT. Plessey and Marconi both have minority stakes in their consortia, thought to be about 15 to 20 per cent.

Plessey has a claim to U.S. attention because it supplies the synthesisers—a key component which controls frequencies—for all the Clansman radios. Marconi is already an important supplier of electronic equipment to the U.S. Air Force with its Head Up Display units, which project images of the instruments on to the pilot's normal line of vision through the windscreen.

The new battlefield radio sets required by the Americans fall into four categories:

1 A pack set *for the soldier* in the front line,
2 A low power set for vehicles,
3 A high power set for vehicles,
4. A helicopter set.

The new radios will replace the present generation of equipment whose basic design goes back to the 1950s, and will be needed fairly quickly. Effective radio communication immune to enemy interference or interception is one of the most crucial requirements on the modern battlefield. The fighting in Vietnam spurred the Americans to develop a system aimed to defeat enemy counter measures.

Frequency hopping

The system must allow troops to communicate with each other by voice rather than coded symbols which could be too slow in combat conditions. But *the radio transmissions must be* arranged so that the enemy cannot understand them, cannot tell from which direction they are being sent, cannot jam the frequency and preferably cannot detect that transmissions are on the air at all. All this has to be provided cheaply in a small portable box.

Most advanced systems use a digital code which means that the voice is transformed into a series of bleeps rather like an immensely rapid morse code. If this were heard by an enemy at all it would sound only like a very low hiss. It is assumed that the digits are scrambled in a way which can only be understood by the receiving equipment.

The new generation of U.S. equipment — code named SINCGARS V—(single channel ground and airborne radio sub-system (VHF))—is expected to use an additional method of avoiding enemy interference. This system, called "frequency hopping" enables the radio to change its transmission frequency very rapidly while a message is being sent.

These frequency changes are made automatically several hundred, or perhaps thousands of times a second. The aim is to prevent the enemy homing in on a particular frequency to jam the transmissions. The "friendly" receiver, will, however, be able to follow the changes. There are basically two types of frequency hopping —"slow hopping," which involves about 200 changes a second and "fast hopping" which could involve about 2,000 changes a second.

The new imminent U.S. contract is for the development of VHF radios using *slow* hopping. The specification (No. 0180) was issued in September 1977 when the Defence Department *hoped for some 20 to 30* industrial bids. It was then expected that two parallel and competing contracts would be placed at about $6m. each. A third development contract, No. 0199, was expected to be placed for a fast hopping system.

The main advantage expected from a fast hopping system is that transmission frequencies would change too rapidly for even the most sophisticated jamming equipment to track them. Fast hopping transmissions would also range over a wider frequency band so that barrage jamming of all frequencies would probably be needed to prevent the message *getting* through. An enemy which tried this would, however, wipe out most of its own communications as well.

It had been intended that three advanced development contracts should run for two and a half years before evaluation by the U.S. Army Electronics Command at Fort Monmouth, New Jersey. By mid 1980 the three solutions were to be *compared* with any outside development for the award of a full scale engineering contract in mid-1981 with a production target of 1984.

Total production to cover U.S. requirements up to 1996 is expected to be about 200,000 units. Estimates of demand from other NATO countries are entirely speculative.

Disappointingly, the Department received only four tenders for development of the slow hop sets and two for the fast hop system. In September 1977, therefore, it decided to scrap the second slow hop development programme and to award only one contract, whose announcement is now thought to be imminent.

A development contract for the fast hop sets is expected to be awarded in the next month or so. For this, there are two consortia bidding, both with British involvement. One is a combination of Plessey and Collins, a subsidiary of North American Rockwell. The other is Marconi with Cincinnati.

Nobody is betting on the results, but it was generally assumed that while there were three development contracts available, the RCA-Racal combine stood a good chance of getting one of them.

Racal-Tacticom's new 4031 military radio weighs 7.5 kg. and offers 284,000 communication channels.

Collins has already had experience of developing a fast frequency hopping system through its participation in a $25m. series of contracts for the U.S. Defence Department. As a result of this work, Collins is said to have a frequency synthesiser which has performed well in field trials and is believed to be up to the SINCGARS specification.

One of the major problems faced by all the competing companies is the very stringent cost targets set for SINCGARS. The target for the basic slow hop version is $1,465 and about $5,000 for the fast hopper. The cost of the most sophisticated sets in the range will be about $8,000, all based on high volume production.

In addition to the keen price, the radios must be very robust because they are designed to be used at platoon level in battle conditions. Complicated controls are therefore ruled out; and in spite of the highly sophisticated facilities included, the set must be easily portable —probably only about 1/3 cubic feet in size. Equipment of such sophisticated performance would have required a large truck to transport it a few years ago. The remarkable reduction in size and cost will have to be achieved through the use of very large-scale integrated circuits.

The relatively poor response to the tender document from U.S. manufacturers may well prove an advantage to the British companies, at least one of which now seems likely to be involved in the development work.

A fact which may have inhibited many potential competitors is that no guarantee has been given that the successful developer would win more than a minority of the eventual production orders. Indications are that the successful consortium will be given 25 per cent. of the orders, or about 50,000 sets at least. It would, however, be able to tender *for* the remainder of the work and should, in theory, have a head start over its competitors.

Even if political considerations intervened to keep most of that production in the U.S. —and Racal's association with RCA clearly shows it has an eye on this possibility—association with the development work would prove an immense advantage.

The sale of military radios has been an important source of revenue for those British companies in the Clansman project. The high reputation of the Ministry of Defence overseas combined with the experience gained in developing the new system has been the basis of spectacular performance by Racal and good sales for the other two companies.

The rate of change in electronics technology has accelerated, however, just at a time when Ministry of Defence funds have been cut back. British companies have therefore had to find private capital to keep in the forefront of development. The backing of the U.S. Government would therefore come at a very opportune moment.

Also it is likely that the SINCGARS project will be followed by the development of other communications equipment for the battlefield to link in with combat radios. Here again, the U.K., with a high international reputation for military electronics, should be well-placed to contribute.

One of the main unresolved problems is the extent to which other NATO countries will undertake parallel developments of similarly sophisticated radios, or will be content to u[se] SINCGARS for their own for[ces]. It is expected that basic spe[ci]fications will be sent to oth[er] NATO countries to ensure [at] least that all systems ar[e] compatible.

From the U.S. point of vie[w] the ideal would probably be th[e] licensing of a single design [to] manufacturers throughou[t] NATO, but this solution ma[y] not fit in with the time scale fo[r] development which is already [in] train. In Germany, for exampl[e] Standard Electric Lorenz, th[e] ITT subsidiary, is working o[n] a new radio for the next decade. Thomson CSF in France [is] working on its own ant[i-]jamming system, and th[e] British companies are alread[y] working on frequency hoppin[g] ideas independent of th[e] SINCGARS project.

Philips of Holland is als[o] studying the problem and it [is] thought likely that the compan[y] could offer a product for com[]petitive evaluation by the U.S. by about mid-1980. Althoug[h] different systems develope[d] within NATO would probabl[y] be able to communicate wit[h] each other, problems could aris[e] if they did not share the sam[e] security system. Communica[]tion between different brand[s] might have to use a metho[d] which was comparatively eas[y] for the enemy to jam, or alter[]natively it might cause con[]gestion in the fairly limite[d] frequency bands available.

It is presumably to avoid thi[s] kind of problem that the U.S. Defence Department is anxiou[s] to secure European participa[]tion from the beginning. Whil[e] Europe remains politically an[d] industrially fragmented it mus[t] remain an open questio[n] whether a British developmen[t] of SINCGARS would achiev[e] this, but it is presumably a ste[p] in the right direction.

MEN AND MATTERS

'Deal of the century' doubts

It was the biggest nuclear deal in history—eight nuclear reactors for which Brazil's bill to West ermany, or so said the U.S. leaks, was likely to be around $20bn.

Until now the objections to the deal have mainly come for the U.S.—cut out on the sidelines, worried about nuclear proliferation and hoping to keep its southern neighbours as a nuclear-free zone. But now Brazil itself may be developing cold feet—giving Britain, which is marginally *involved* in the supply of the uranium, a frozen toe or two as well.

Brazil's President Geisel himself is visiting Bonn on Monday. He is the son of a Lutheran pastor. But as the latest issue *of Latin American Newsletter* points out, it will be no easy meeting of minds with Chancellor Schmidt. The nuclear deal is sure to prove the problem point of his visit.

Wilfred Rooke of Urenco, the British-Dutch-German consortium which enriches uranium here and in the Netherlands, argues that the U.S. is "not now taking active actions to try and stop the deal, since it recognises and accepts that proper safeguards will be applied by the Brazilians to the plutonium obtained." Rooke does not know of any wish by the Braizlians to renegotiate or whether they were changing their overall nuclear programme. But a series of small incidents make it appear that this is exactly what is happening.

Two weeks ago Licinio Seabra, chairman of Furnas, the regional electricity company responsible for the operation of Brazil's first three nuclear plants, said that a delay of over two years in the expected start up of the second and third plant did not matter: demand forecasts seem to be proving excessive. Equally, Nuclebras, the Brazilian nuclear fuels company, is already talking of building six rather than eight reactors; while the West German Minister of Technology, *Hans Hilger Haunschild, says:* "We are prepared to fulfil the treaty in its totality, so long as Brazil does not substantially cut its nuclear programme."

Three years ago this was unlikely. But the expected uranium finds did not materialise in Brazil and now Brazilian officials are openly counting the cost of nuclear energy — U.S.$1,500-1,700 per installed kW, against U.S.$500-600 for hydroelectric power, including long-distance transmission costs.

The scene is thus set for some tough talks in Bonn in which simple arithmetic may do more for the anti-nuclear lobby than all President Carter's unfriendly arm-twisting. As for Bonn, it had planned to lay-down the law on Brazilian dumping of textiles and pig iron and to challenge new Brazilian regulations on the transfer of technology. But it has DM4bn. at risk in investments in Brazil, ranging from a massive Volkswagen subsidiary to a plant making the French-German *Roland missile*. And now it is also realising that it has 80,000 jobs at stake in this possibly uncertain "deal of the century."

In the clear

A reader who was in Ireland last week tells me that while he was driving in Cork he stopped to ask a policeman the way to a certain street. The policeman gave him the required information and then asked him if he had a driving licence. "Yes," the reader said; "do you want to see it?" The policeman shook his head. "Not at all, sir," he said, "not at all. It's only if you *hadn't* got one that I'd want to see it."

"He's finally discovered a lifetime isn't very long in politics!"

Popped drums

It is always agreeable when one's prejudices are borne out by scientific observation. At London's Cavendish Medical Centre, whose *main activity* is checking the physical state of business executives, a mere 28-year-old presented himself for a check-up. Nothing was wrong with him, except that he was half deaf. It turned out that he worked in a pop music recording company. The noise had *wrecked his hearing*. "Why do you have it so loud?" asked the centre's matron, Violette Hund. "I like it loud," he explained. Of course, the deafer he gets the louder he is going to need it for the same degree of satisfaction. It seems that the regular patrons of discotheques are also assured of partial deafness if they attend often enough. Can you hear me, kids?

Take a tip

The latest of the regular bulletins put out by The Stock Exchange contains some figures that may well send a flicker of doubt through that dogged — if diminishing — section of the nation which trusts its money to the City. The results of the end-1977 Stock Exchange examinations show that in the "Technique of Investment" section, only 34 out of 101 candidates managed to pass: this is 33.7 per cent., even worse than the 39.9 per cent. in the previous session. Is it that the standards are too stiff, or the candidates too dim? Take comfort that they do much better in "Stock Exchange Practice," where 70.3 per cent. got through.

Big not beautiful

The Shah's secret police, SAVAK, has issued a circular to the local newspapers on how to keep out of trouble. Of the 19 points for editors to remember, some are pretty basic. For example: "Countries unfriendly towards Iran are not to be praised, and any news that may be to their advantage is to be omitted."

It is when SAVAK turns its sharp eyes towards *financial* matters that a fascinating distinction is made. The magazine Index, which specialises in laying bare censorship pressures, quotes the crucial Point 10 in its latest issue: "Macro-size misappropriations, embezzlement and briberies are NOT to be exposed and reported in the Press." So life looks toughest for the small fry.

Observer

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POLITICS TO-DAY

Keeping the people off the streets

WHEN Parliament adjourned on August 2 for the summer recess, the Leader of the House announced that it would reassemble on October 16 to complete the work of the session. He added that it was expected to be prorogued on October 18 and that a new session would be opened on October 23.

On September 19, however, the Prime Minister announced in a broadcast—not entirely unexpectedly — that Parliament would be dissolved on October 5, and that a general election would be held on October 25.

That was in 1951. The Prime Minister was Mr. Attlee and the Leader of the House (and also Home Secretary) was Mr. Chuter Ede, to whom we shall return. In drawing a parallel with 1978 it would be wise to assume that Mr. Callaghan still wants to hold on as long as possible, preferably till the Spring of 1979. Yet the circumstances are becoming such that a decision some time in the summer to go to the country in the Autumn is looking very difficult to avoid.

Readers this week have the advantage of me: they know the result of the by-election in Ilford North. But, that apart, there are plenty of other elections over the next two months on which to speculate. The Budget is set for April 11. That means that the most likely date for the by-election in Glasgow Garscadden is Thursday, April 13. Elections for the Scottish regional councils will take place on May 2, and local elections in England, including all the London boroughs, on May 4. There is also a by-election pending in Lambeth Central—better known as Brixton—following the death of Mr. Marcus Lipton last week.

Once all these elections are out of the way, we shall know a great deal about the state of political opinion in the country. We shall have come, as it were, to the end of an election cycle. It is possible for Labour to do badly in different places for different reasons. For example, the Party could lose Glasgow Garscadden, where it has a majority of 7,526 over the SNP, largely because of an aggressive Nationalist campaign. That would have very little to do with faring badly in the local elections in England or the by-election in Brixton. But, at the end of the cycle, my guess would be that Labour would have very little to rejoice about, or be able to look forward with any confidence to an early revival.

At the same time, it will not be easy for the Government to react by determining to cling on to office at Westminster. For Parliament, too, is coming to the end of a cycle. For Scotland and Wales Bills should be through by the end of the summer session. The Government then will be less able to rely on the support of the Scottish and Welsh Nationalists. The Lib-Lab Pact will have also expired with faint practical chance of renewal. If Mr. Callaghan were to attempt to sit it out through the autumn, he would have to risk a no-confidence motion which, on present prospects, would almost certainly bring him down.

There are also some more positive reasons for going to the country in the autumn without waiting to be forced. The relationship between prices and earnings should be looking relatively favourable, though it may have been overtaken by the balance of payments as the economic indicator commanding most attention. Passage of the Devolution Bills would enable the Government to say to the Scots and the Welsh that it had fulfilled its promises. (The possible consequences of a voluntary abandonment of the Bills still remain the most compelling argument against calling a snap election in June.)

Mr. Callaghan indeed could even say that he had planned the autumn poll all along.

* * *

Given all those other elections, there is every reason why voting in Brixton should take place as soon as possible or, at the very latest, by Thursday, April 20. The importance of that date is that the ban on public processions in London—imposed because of threatened disturbances at Ilford North—is due to expire on April 24, and I do not think that in present circumstances it is possible to hold the Brixton by-election without such a ban being in force. There are precedents for extensions to bans, as is explained below. But I take it that most people would wish that this should not be necessary.

By coincidence, the announcement of the present ban and Mr. Lipton's death occurred on the same day. The two months' duration of the ban was unusual. Previous ones have been either for three months or for a period of only a few days. Presumably, the two months' limit was chosen this time because Sir David McNee, the Metropolitan Police Commissioner, and the Home Office did not also want to ban the traditional May Day demonstrations.

As it happens, however, the ban could also serve very well for Brixton. Since Mr. Lipton had previously announced that he would not be standing again, Labour already has a candidate, so it does not have to waste time in selection procedures. Nor does it need to use Brixton as a test of opinion: there are plenty of other elections and by-elections to test opinion elsewhere and, in any case, even Brixton opinion will be tested in the English local elections.

Besides that, there is the argument that a long build-up to the Brixton campaign would only encourage extremists. Brixton has one of the largest immigrant (mostly Caribbean) populations in the country. Mr. Lipton, who had been well known in the area for years, had a majority in the last election of 8,677 over the Tories. This time it might well be different. Some of the immigrants might very reasonably put up a candidate of their own. The Workers' Revolutionary Party has its headquarters in the constituency and publishes its daily newspaper from there. Its candidate won only 233 votes in October, 1974, but the Party is ready to fight again.

Not least, there was the warning from a leader of the National Front at Ilford last week: "If they think that this by-election is a hot potato, wait until we put up a candidate in Brixton." Mr. Merlyn Rees, the Home Secretary, said in the law and order debate in the House of Commons on Monday that he took that seriously, and one fears that he is right to do so. It all adds up to getting the people of Brixton to the polls in maximum decent haste.

There was another point in that same debate on which Mr. Rees was less than accurate and which affects a period that many people seem to have forgotten about. Speaking of the Public Order Act 1936, from which the power to ban demonstrations is derived, the Home Secretary said that after the war there were "no marches in the metropolitan area until about 1950." That is true only in a very special sense. The reason why there were very few marches in London in that period was that they were almost continuously banned from April 1948 to the beginning of May 1951.

The Act was originally introduced to deal with Sir Oswald Mosley and his supporters. It was resorted to again in the late 1940s for the same reason. On April 29, 1948, Sir Harold Scott, the then Metroplitan Police Commissioner, announced a three months' ban on all demonstrations and processions of a political character in the East End of London and in parts of Finsbury, Islington, Stoke Newington and Tottenham. The purpose of the move was to prevent a march, led by Sir Oswald, through East London which, according to the Home Secretary, Mr. Chuter Ede, might have led to a Fascist-Communist clash.

The ban was twice extended, each time for another three-month period. It was lifted in February, 1949, but was reimposed the next month after disturbances in Dalston and Tottenham. Sir Oswald's Union Movement had attempted another march through East London and had run into a group of Communists holding a nearby meeting. The police were attacked by both sides. There were 23 arrests and ten people were fined sums of between £3 and £10. (The maximum sentences under the Act those days were a £50 fine and/or three months in prison). Sir Oswald responded with words that sound familiar to-day. "Free speech," he said, "is now forbidden by order of Communists. The Movement will find other legitimate and effective means to advance its beliefs."

The ban then remained in force until early January 1950 and the hope must have been that the General Election of February that year could take place without it. On February 2, however, it was reimposed and then extended for another three months at the end of April. The reason given was that trade unionists had complained that the Mosley Movement was planning yet another East End march which would make the holding of their own customary May Day demonstrations impossible. Both had to go.

After that, the ban was continuously in force until May 2, 1951. Its lifting was followed on May 5 by the first May Day marches which London had seen for three years. The 1951 General Election was held five months later without any reimposition, and indeed it was not until the early 1960s that the relevant section of the Act was again invoked. There was a renewed outbreak of Fascist and Nazi activity in 1962 and over a weekend in September a ban was imposed to prevent another incursion into the East End.

(It is ironic that the campaign at that time to amend the Act to make it illegal to use "words inciting hatred of any racial group of Her Majesty's subjects" should have been led by Mr. Tom Iremonger, the Independent Conservative Democrat candidate at this week's Ilford by-election who now describes himself as in opposition to "punk Toryism.")

There have been various uses of the Act in the last few years, but the bans have been brief, not always in London and not always directed against the National Front—the IRA has also been a target. But the ban imposed last week goes back more than 25 years for a direct precedent.

I am not sure whether that story has a moral. In the past, the Fascist marches were more anti-semitic than anti-immigrant—hence the concentration on the East End, and of course there were few immigrants around. Now they are against both imigrants and Jews. And the story does show that there are precedents for banning demonstrations even during a General Election. Perhaps what it shows most, however, is the way we forget that we are not always as pacific as we think.

Malcolm Rutherford

Letters to the Editor

The future for exporting

From the Managing Director, Capital Partners International.

Sir,—We read with great interest your feature on DJB Engineering (March 1) and the experience Mr. David Brown had when he sought capital for the venture a few years ago.

The article touched on some points which are critical to the development of the small business sector in the United Kingdom. It was clear that Mr. Brown appreciated almost at the outset that he needed to look upon the world as his market. Indeed he moved into international sales at a much earlier stage in his company's development than British companies have done traditionally.

This aspect will surely become increasingly important if the United Kingdom is to develop a new breed of exporting companies with specialised high value-added products which capitalise on the country's skills and inventiveness. This is where the future lies. We must assume that the U.K. will become unable to compete in world markets by physically exporting the standard manufactured products which the developing and new industrial countries themselves become increasingly capable of producing.

If the technically more advanced, know-how rich companies in such developed countries as the U.K. want to realise their full potential, they must expand into overseas markets very early. They must carve themselves a small and specialised niche, but in a worldwide market with the objective of becoming the number one "mini-multinational" in that particular field.

They must be willing to export their know-how and set up joint ventures or licensing agreements in other countries.

Christoph von Luttitz.
17c, Curzon Street, W.1.

Of service to each other

From Mr. W. Whitworth

Sir,—Is it unreasonable to hope that Mr. R. O. R. Morgan (February 22) can be proved wrong?

There is a desperate need for all service industries in this country to accept that they are just that. "Customers are not a nuisance, they are the reason for our existence." The contrary view is perhaps a factor of our malaise.

Manufacturing, of which I have some experience, calls for time sacrifices by everyone from the chief executive through senior, middle, and junior management and includes overtime in the shop. Banks must also try to serve.

I have tried to overcome the lack of service during the lunch hour when our employees need banking facilities. So far I can only report a limited success.

William B. Whitworth.
Horseshoe Cottage,
Much Hadham, Herts.

Selling Britain short

From the Chairman, Hornsea Pottery Company.

Sir,—It is as degrading to plead with our Nipponese counterparts not to compete by asking them to reduce car exports to Britain, as it would have been incomprehensible to beg both Germany and Japan to cease hostilities instead of fighting and beating them against all odds during the war.

Can anything be more unrealistic than expecting the countries whose workers and industries manufacture diligently without strikes and disputes to cease their dynamic efficiency and at the same time participate in recycling their surplus to subsidise countries weakened by persistent lack of cohesive collaboration between Government, unions and industry.

United we stand, divided we fall. Where in heaven's name is our national pride?

Desmond Rawson.
Hornsea, Yorkshire.

A crazy logic

From Mr. P. Tarrant-Willis

Sir,—Like Copernicus the only defence, and perhaps the only solace, is to try to get whatever comfort one can from a scientific view. For example look at what is now becoming painfully obvious in the private housing market. This is explained by the hypothesis of "Ideological Interference" and its proof is by the well-known "Crazy Logic" solution.

On the one hand Government, through the Department of the Environment, has planned and now believes that there is an adequate supply of building land to satisfy the private house market. There is not.

On the other hand Government, through the Treasury, fears that too much money may be made available to buyers and so it imposes unofficial "quotas" on the building societies to try to keep the price of houses down. At the same time, the Treasury conveniently provides a tap stock to soak up the funds that might have been advanced to buyers if only there were enough houses to buy. Which there are not.

So there is a logic in the Government's actions, but it is a crazy logic.

Peter Tarrant-Willis.
20, St. Ann's Villas,
Royal Crescent, W.11.

Speculation in land

From Mr. M. Brady.

Sir,—Contrary to Mr. Billich's argument (February 28), land is not "unique and fundamentally different from all other objects of our requirements." The number of Rembrandts or Cézannes is strictly limited. Should these also be subject to the single tax?

Notwithstanding Mr. Hoare's assertion that there is an "effective monopoly of land ownership," the fact is that at present a competitive market exists. Any particular site is in direct competition with a large number of similar sites, some of which are very close substitutes. Insofar as land may be substituted by other factors of production it is competitive with these. Furthermore, as the price of land rises, so hitherto sub-marginal land is brought into use for the first time. There is a tremendous amount of land which is presently unemployed—not as a result of land hoarding and speculation but because of its undesirable location. We should do well to remember that it is state regulations concerning land use and non-profit maximising behaviour by Government authorities which reduce the supply of land, not the activities of landowners in a free market.

Since there is a very real opportunity cost of withholding land from use—the rental income foregone—we can see that land will be hoarded only if it is anticipated that a more remunerative use can be found soon enough. Speculation in land, like speculation in any other commodity, is explained by individuals' differing views on the future course of demand and prices. Profits are the reward to those who, forecasting correctly, direct land to its most highly valued uses and losses are borne by those who make incorrect forecasts, supplying land for less urgent uses.

What then of the proposal to tax land at its rental value? Since the price of land is the present (discounted) value of expected future rents and insofar as it is generally believed that the tax will be levied well into the future, the price of land will fall towards zero! Therefore this scheme amounts to a proposal to nationalise all land without any compensation being paid to its present owners. This is clearly no way to correct particular injustices which exist with respect to the ownership of land as of other assets. Furthermore, we should note that the proposal to tax land raises very real problems of calculating the rental value in a situation where it is entirely confiscated.

Mark Brady.
3, Elmdene Court,
Constitution Hill,
Woking, Surrey.

The function of companies

From the Chairman, Legislation Committee, The Association of Independent Businesses.

Sir,—In his letter of February 27 Mr. Jan Hildreth showed how harmful the Bullock proposals could be. On one point however he seemed to have mis-stated the position.

It is not the primary function of companies to serve their customers rather than "shareholders, employees, or anyone else." It is the primary function of a company, through its directors, to serve the shareholders. In a competitive economy the satisfaction of customers becomes the principal occupation of the directors, but the discipline for this is provided by having to satisfy the shareholders whose claim on the company can be met only after all other claims, including of course those of employees.

Politicians and others have tried to obscure this issue and in consequence have foisted on us various pieces of debilitating legislation and proposals like those of the Bullock Committee. It would undoubtedly be to our advantage if they were to remember more often that people will risk their savings in businesses only if the directors have always at the back of their minds the aim of maximising the company's profit for the benefit of the shareholders. It is not contradictory to say that this will benefit customers and employees into the bargain.

Colin Dauris.
Europe House,
World Trade Centre, E.1.

Where power lies

From the Secretary, Cambridge Workers Control Group.

Sir,—It is sad that someone with a title as important-sounding as the "Director-General of the Institute of Directors" should have such a poor idea of how management functions as Jan Hildreth appears to have in his letter attacking the Bullock Report (February 27).

Jan Hildreth seems to imagine that a group of sovereign beings assemble in the Board room with no other problems on their mind than what the customer wants and how to get it to him. The workers, in Jan Hildreth's scheme, are a collection of zombies with no idea in their head but to obey the superior wisdom of their masters. Of course, were such a model possible, there would be much to be said for it, but, as Bullock points out, though Jan Hildreth affects to disbelieve it, things have changed since the nineteenth century and it is no longer possible for management to exercise such sovereign power. In fact, a large part of the practical job of management is to placate the various interest groups within the factory and if it comes to a showdown between management and unions, the chances are that the unions will win.

It is very dangerous for powerless people to affect the responsibilities of power, and what Bullock proposes is to put the responsibility where the power lies—namely, with the organised (that is, unionised) workforce. Jan Hildreth's sympathy for the poor non-unionised worker is a piece of sententious nonsense on a level with those who condemn parliamentary democracy on the grounds that it disenfranchises everyone who dislikes the major political parties. It is, however, instructive to note the circumstances under which a director of directors becomes a convert to the Rousseauvian concept of direct democracy.

Having got rid of the absurd anomaly by which management pretends to rule its workers, the firm will obviously be in a much better position to provide a good service to its customers, and there is no reason why there should be continual bickering—unless the remaining shareholders' representatives choose to make things difficult by refusing to acknowledge the new and vastly more effective sovereignty of the workforce.

Peter Brooke.
Peterhouse, Cambridge.

Actuaries' tasks

From the Director-General, Royal Institute of Public Administration.

Sir,—In response to Mr. Layborn's suggestion that the Government Actuary's task might be eased by "a spread of responsibility for the judgments being made." Mr. O'Brien, president of the Institute of Actuaries, maintains (February 24) that the members of all professions must operate entirely by personal judgment.

The problem to which Mr. Layborn draws attention is too important to be swept aside merely by an assertion that professions of many different kinds should conduct their affairs in a uniform way. There may well be special factors arising from the nature of the actuarial function and from the kinds of business in which actuaries engage that make it desirable for them to follow different procedures from those that society finds acceptable for other professions.

A president of the Board of Education once remarked *à propos* a schoolteachers' pension scheme: "I have a very great respect for the sombre science of the actuary. But the science of the actuary is not an exact science, and whenever a fund of this kind (one with employee contributions) comes up for revaluation there will always be disputes as to the rate of mortality, and there will also be disputes as to the rate of interest. Again, I say, the larger the operation the more complex it becomes." (Hansard 1918, Vol. 110, Col. 475.)

The financial consequences of actuarial judgments are now often much bigger than those flowing from the work of other professions; and they can affect the community as a whole and not just an individual client or a single organisation. These factors are particularly evident with the public sector pension funds where actuarial judgments influence levels of taxation, Government borrowing and the nationalised industries' charges.

For these reasons the actuarial profession would not be justified, it seems to me, in resisting Mr. Layborn's suggestion, or the similar proposal I made in your columns (January 27), that the Government should establish an independent commission to specify each year the range of assumptions on which the public sector pension funds should be valued—always assuming, of course, that these giant funds are to continue for any length of time on their present basis.

Raymond Nottage.
Hamilton House,
Mabledon Place, W.C.1.

Weaponry risks

From the Director, Friends of the Earth.

Sir,—In his article on Dr. Walter Marshall's proposal for minimising the weapons proliferation risk arising from nuclear power (February 24), David Fishlock makes one misleading and one inaccurate point both of which we would like to correct.

He says that "The Foreign Office . . . has taken the initiative in supporting the proposal." In answer to our inquiry as to the correctness of Mr. Fishlock's statement a Foreign Office spokesman replied that, "The Foreign Office does not understand Mr. Fishlock's statement." The Atomic Energy Authority does not, of course, need the support of a government department to make a proposal.

According to the article, "The scheme . . . will be formally presented by the British Government to the International Nuclear Fuel Cycle Evaluation." We are advised by the Foreign Office that no decision has been taken by the British Government to present such a scheme at INFCE.

Tom Burke.
9, Poland Street, W.1.

No cavity walls

From the Director General, Fibre Building Board Development Organisation.

Sir,—May I draw your attention to the Parliamentary answers given to Mr. Rost by Mr. Armstrong on behalf of the Secretary of State for the Environment on February 22. The first question established the fact that between 12m. and 13m. dwellings in Great Britain have no cavity walls. The second question indicated that some 5.8m. dwellings in England have either no loft or no loft access. The third question asked if the budget allocated for thermal insulation under the programme announced on December 12 last will include expenditure on insulating walls and ceilings for homes were there are no lofts or loft access, and where there are no cavity walls. The categoric answer was "no."

The current housing stock is believed to be something of the order of 19.6m. It would therefore appear from the answers to the three questions that the thermal insulation measures announced in December bear no relation to the needs of the majority of the nation's housing stock. Furthermore, a previous question had established that some 9.6m. dwellings were owner-occupied and that the measures announced in December did not relate to these at all.

I leave your readers to draw their own conclusions and, I hope, to take whatever action they deem appropriate.

E. A. Raynham.
6 Buckingham Street, W.C.2.

To-day's Events

GENERAL

Public sector borrowing requirement and details of local authority borrowing (fourth quarter) published by Central Statistical Office.

Mr. Edmund Dell, Trade Secretary, begins two-day visit to Bulgaria.

Confederation of Shipbuilding and Engineering Unions consider what action to take following collapse of national pay talks.

Mr. Alfred Atherton, U.S. Assistant Secretary of State, due in Jordan in attempt to bring King Hussein into negotiations for Arab/Israeli peace settlement.

National Association of Schoolmasters and Union of Women Teachers discuss sanctions recommended by National Union of Teachers over pay offer.

Mr. Stanley Orme, Minister of Social Security, addresses conference on Government's new pension scheme, organised by West Midlands Labour Party, at Stafford Guildhall.

Mr. Roy Hattersley, Prices Secretary, speaks at annual dinner of Dereham, Norfolk, Labour Party.

Negotiating conference for new International Wheat Agreement continues, Geneva.

Northfield Committee, investigating pattern of farm land ownership in Britain, holds public meeting at Betwys-y-Coed, Gwynedd.

Thames Water Authority special meeting discusses Price Commission's decision to investigate proposed increase in charges.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' motions.

COMPANY MEETINGS

Commercial Bank of Wales, Cardiff, 12. Gough Cooper, Bromley, 15.

MUSIC

City of Birmingham Symphony Orchestra, conductor Louis Fremaux, soloists Lorna Haywood (soprano), Kenneth Bowen (tenor) and Brian Rayner Cook (baritone), perform Britten's "War Requiem," Royal Festival Hall, S.E.1, 8 p.m.

COMPANY NEWS + COMMENT

Mills & Allen 183% up at £2m. so far

A 183 PER CENT. leap in taxable earnings from £747,000 to £2.12m. is reported by outdoor advertising contractors and leading foreign exchange brokers Mills and Allen International for the half year to December 31, 1977. Turnover was almost 20 per cent. up at £13.19m., against £11m.

Despite the traditionally lower level of advertising expenditure in the March quarter, the forward order position for both outdoor and screen advertising in all the company's territories is encouraging, the directors say.

Harlow Meyer's level of brokerage in January this year has maintained the rate of the first six months and its overseas associates have begun to show some improvement.

While these factors justify certain optimism the disparity between trading profit in the first and second halves seen last year, when taxable earnings were a record £2.63m., will be less pronounced for 1977/78, they comment.

A net dividend of not less than 2p for the current year was forecast in November when a scheme for a re-organisation of the group's capital was announced.

To cut share administration costs the company is now offering a scheme to holders of small batches of shares or warrants, whereby the holdings would be aggregated and sold and the proceeds distributed pro rata with all Stock Exchange costs paid by the company.

The scheme applies to holdings of not more than 50 Ordinary 50p shares, 90 Redeemable Cumulative First Preference Shares 1984 or 70 warrants to subscribe for Ordinary.

Stated earnings for the half year per 50p share were 17.45p (4.66p) or 11.49p (3.53p) based on a notional 52 per cent. tax rate.

At half time group indebtedness was down from £9.4m. at June 30, 1977, to £7.8m. During the period property sales totalling £1.04m. were completed and in the second half further property sales totalling £314,000 have been arranged.

The rise in profitability during the period reflects the continuing improvement in trading conditions and the fall in interest charges, the directors say.

Both outdoor advertising and foreign exchange broking achieved significantly higher profits during the first half. The contribution by the overseas subsidiaries and associates was lower as a result of a downturn in trading activity in the U.S. and Far East and the strengthening of sterling.

As known, the reorganisation of the group was approved by shareholders and warrantholders on December 5. The offer for the minority shares in Mills and Allen Group has been 94.99 per cent. accepted and the few remaining minority shares will be compulsorily acquired.

On January 6 Hambros Bank had increased its and its associates holding to 10.57 per cent. of the equity.

	Half-year 1977	1976	Year 1976-77
Turnover	13.191	11.005	22.444
Trading profit	2.517	1.547	4.212
Interest payable	400	800	1.584
Pre-tax profit	2.117	747	2.628
Tax	613	296	517
Net profit	1.504	451	2.111
Extraord. debit	—	—	340
Minority interests	35	31	92
Attributable	1.469	420	1.689

● comment

The reorganised Mills and Allen and J. H. Vavasseur group now under the banner of Mills and Allen International has made a sparkling start in its first six months with pre-tax profits (helped by a halved interest charge) rising 183 per cent. The group's share price rose 13p yesterday to 158p, which compares with a post reorganisation price of 70p at the end of last October.

All the group's main trading arms have produced strong performances. Advertising is in the middle of a boom (although there are fears that this could turn down if economic confidence does not improve) while Shepperton Studios has benefited from a resurgence of interest in film-making. An increased volume of business in foreign exchange broking has been stimulated by the recent sharp movements in currencies. An upsurge in sterling and deutschemark trading has more than offset a flattening in the group's traditional dollar profits which have been affected by sterling's improvement against the dollar. MAI's full year profits may be at least £4.8m. The shares, however, yield only 2 per cent. on the forecast dividend.

HIGHLIGHTS

EMI has severely disappointed the market with almost halved pre-tax profits for the first six months due to a virtual disappearance of profits from electronics, including the scanner, and a sharp setback on the music side. Lex discusses the progress at Turner and Newall where currency movements trimmed the group's growth last year. Also the figures from Royal Insurance are considered, where a big U.S. underwriting turnround in the final quarter helped produce a good advance in profits in common with other insurance companies reporting earlier in the week. Finally Lex takes a look at Dunford and Elliott which has failed—by a large margin—to achieve its bid-time profits forecast. Elsewhere there are good figures from British Vita and Mills and Allen but a disappointing result from Vantona.

NCR expands by £2m.

FOR 1977 computer and ancillary equipment makers NCR, a wholly owned subsidiary of NCR Corporation, shows taxable profit more than doubled from £1.86m. to £3.85m. on turnover ahead from £64.48m. to £75.69m.

At the trading profit level, however, the improvement was £0.25m. to £3.15m.

The loss made on the sale of warehouse and factory facilities that were surplus to requirements resulted in an extraordinary debit of £1.01m.

An interim dividend of £7.1m. has been paid but no final is proposed.

After provision for tax, the extraordinary item and minorities, group profit emerged at £878,000 (£708,000).

Allen Harvey upsurge

AFTER MAKING provision for rebate and tax and transfer to inner reserve, Allen Harvey and Ross, bill brokers and merchant bankers, reports that profits surged ahead from £0.7m. to £1.2m. in the year to February 5, 1978.

The final dividend per £1 share is 15.358p net, lifting the total payment from 27.5p to 30.716p, as forecast in May last year. A three-for-five scrip issue is also proposed.

The balance brought forward was £319,706 (£226,697) and £138,895 has been written off for excess of cost over net tangible assets in Simonside Investment Co. at date of acquisition.

Vantona shows small advance

AGAINST a background of falling consumer demand taxable earnings of Vantona Group slipped in the second half of 1976-77 from £3.67m. to £3.51m. The group, which has interests in foundation garments and textile merchanting and spinning, ended the year to December 2, with profit up 5.7 per cent. at £6.73m., compared with £6.37m.

Sales were 4.4 per cent. higher at £78.8m. (£75.5m.) with volume influenced by this faltering in demand and reluctance of major customers to place forward orders in a period of declining raw material prices, the directors say. However, margins were maintained and exports improved 34 per cent. to £11.5m.

Applying the Hyde guidelines, on a current cost basis profit advanced 90 per cent. on 1976 they point out.

Before extraordinary debits of £8,000 (credit £1.37m.) earnings per 20p share were better at 22.1p (20.4p). A net final dividend of 3.364p lifts the total to 5.1511p (4.6582p).

Net assets at year end had reached 124.3p (107.4p) per share. Bank balances were near £2m. Capital spending during the year amounted to £1.8m.

● comment

Vantona has turned in full year profits below analysts' lower estimates of £7m. pre-tax and well short of the near £8m. predicted in some quarters. The problems were encountered in the second half when, against a background of flat consumer demand and tumbling raw material prices, taxable profits fell by £156,000. But to some extent the two second halves are not strictly comparable. Profits in the second half of 1976 had been boosted by nearly a fifth due to pre-December budget spending and heavy ordering by retailers anticipating a further rise in prices.

In addition, some analysts were hoping for too much from the substantial Iran "know-how" contract. This has contributed very little in the second half, but will make a significant contribution in the current year. Meanwhile with £2m. cash in the balance sheet Vantona is on the look-out for further acquisitions. The current year has made a flat start with volume sales only maintained, so the shares at 111p (down 6p) standing on a p/e of 5.8, and yielding 7.2 per cent., covered fourfold, could be vulnerable in the short term.

Trevor Humphries

Sir John Read, chairman of EMI, at yesterday's Press conference. He revealed a sharp setback in first-half 1977-78 profits and warned that the full year's result would be well down.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Allen Harvey and Ross	15.36	May 4	30.5	30.72	27.5
Arnott and Co.	6.0	Jul. 31	4.33*	10.0	7.37*
British Vita	1.09	May 2	0.98*	2.13	1.91*
Crossfriars Trust ......int.	1.33	Mar. 29	1.25	—	3.3
EMI ......int.	3.41	Jun. 30	3.41	—	9.24
Invest. Tst. Guernsey	4.5‡	May 2	3.75	7.9	6.0
Lunuva (Ceylon)	5.5	—	3.58	5.5	3.58
Mitchell Cotts ......int.	1.3	Apr. 24	1.16	—	3.34
Myddleton Hotels ......int.	2.64	Apr. 18	1.65	—	4.65
Nigerian Elect. ...2nd int.	8.12	Apr. 4	6.53	13.2	11.38
Rea Bros.	0.93	Apr. 19	0.84	1.65	1.49
Sungei Krian ......int.	73	Mar. 31	50	75	50
Turner and Newall	6.09	Jun. 2	5.44	10.1	9.12§
Vantona	3.36	May 12	3.13	5.15	4.66
Thomas Warner ......int.	0.17	May 6	0.17	—	0.81
Royal Insurance	9.94	May 19	8.9	16.43	14.73

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Gross throughout. This year's carries scrip option. § Includes 0.053672p due to tax change. ¶ Gross throughout.

Royal Insurance leaps to over £134m.

A 71 PER CENT. increase in pre-tax profits on its world-wide business in 1977 is reported by Royal Insurance, amounting to £134.9m., against £78.6m. in 1976. The group records a worldwide underwriting profit on the year of £16.3m. compared with a previous loss of £17.8m., with total premiums written by the group in its general business increasing by 13.3 per cent. from £1.1bn. to £1.24bn.

Investment income impoved by 21.2 per cent. from £92.4m. to £112.0m., while long-term insurance profits amounted to £4.3m. The estimated profit after taxation attributable to the company increased from £50.2m. (33.5p per unit) to £75.1m. (50p per unit). The accounts allow for a £2.5m. estimated adjustment under the Canadian anti-inflation regulations. These impose a provision that any revenue in excess of that permitted under the controls on profit margins must be returned to policyholders. The figure shown is net cost after tax relief.

The U.S. results showed a marginal underwriting profit of £200,000 (loss £18.1m.) Mr. Daniel Meinertzhagen, chairman of Royal, states that this improvement arises from the measures taken a few years ago when the group experienced severe difficulties in the territory. There were improved results in all major lines except commercial automobile. Losses in workers' compensation, general liability and personal automobile were reduced while profits on commercial property business increased.

There was a major improvement in underwriting experience in the U.K. with a profit of £11m. against a small loss in 1976. Last year was relatively free from storms and adverse weather and the amount paid out on subsidence claims as a result of the dry summer in 1976 was substantially reduced.

Private motor business suffered in the final quarter with the number of claims rising sharply and there was an overall loss on the motor account after being in profit at the half yearly stage. Liability business in the U.K. was profitable last year and the industrial fire account was good despite the adverse effect of the firemen's strike in the past two months.

Canadian business showed an underwriting profit of £7.4m. (loss £2.2m.) with almost all lines of business being profitable. These results would have been even better but for adverse weather in the final quarter, but conditions in Australia again turned down due to the reappearance of competitive market conditions in a stagnant economy. The underwriting profit was cut to £400,000 from £2.4m.

Losses in Europe remained virtually unchanged at ... the Netherlands being re... ible for the loss which, ha... was down on the previou... This was offset by results ... other European countries ... moved from a profit to a ... even situation. Results in ... overseas territories overall ... at a reduced profit level.

The net total dividend is ... to a maximum permitted ... (14.726p) per 25p share ... final of 9.936p.

A geographical analysis ... general insurance busines... of the underwriting resul... investment income shows, ... £461.2m., £0.2m. and ... (£410.5m., loss £18.1m., £36.9m); U.K. and Irish Re... £257m., £11m. and ... (£217.9m., loss £0.1m. and ... Canada £260.4m., £7.4m., £18.4m. (£225m., loss £2.2m., £13.9m.); Australia £60.9m., ... and £3.1m. (£72m., £2.4m., £6.9m.); rest of Europe £1... loss £4.6m. and £7.7m. (... loss £4.7m. and £5.2m.); and overseas areas £95.2m., ... and £3.8m. (£65.5m., £4.9m., £2.5m.).

See Lex

£0.3m. rise by Sungei Krian

MAINLY REFLECTING the ... in oil palm profits, the ... balance of the Sungei ... Rubber Estate advanced ... £499,006 to £789,127 in 1977.

This follows a rise from £... to £427,000 in the first ... months. The directors said that this reflected the high... palm results but as the pr... now lower, the agricultural ... for the rest of the year wo... reduced. However they re... that the outlook for rubbe... favourable as the price wa... higher.

In the year's result the con... tion from oil palms was up ... £302,602 to £505,449 while rubber profit was ahead ... £76,160 to £105,729.

The dividend is stepped up ... 50p to 75p per £1 share. In ... tion a scrip issue of four-fo... is proposed to be followed ... subdivision of the shares int... units.

	1977 £
Rubber profit	105,729
Oil palms profit	505,449
Dividends and interest	140,817
Making	751,795
Profit investments sale	37,332
Pre-tax profit	789,127
Taxation	431,287
General reserve	30,000
Dividend	156,321
Retained	151,089

British Vita hits peak £6.18m. as U.K. profits quadruple

LARGELY REFLECTING quadrupled U.K. trading profits, the pre-tax figure turned in by British Vita Company for 1977 shows a £2.16m. advance to a record £6.18m. U.K. operations contributed £1.78m. at the trading level, compared with £0.43m., while overseas gave £1.29m., against £0.94m. Growth of pre-tax profits in the second half was better than in the first when a rise of £0.06m. to £2.53m. was reported.

Basic earnings for the full year are given at 27.7p (14.1p) and fully diluted at 26.3p (13.6p). The net final dividend, waived in respect of £19,000, is 1.09p for a 2.13p (adjusted 1.91p) total, and a one-for-five scrip issue is also proposed.

Operations in Africa achieved satisfactory results, say the directors, notwithstanding the various political and economic uncertainties. As previously reported the sale of shares in Vitafoam Nigeria under the Nigerian enterprises decree will be effected in 1978 and will reduce the companies interest from 50 to 20 per cent. Had this percentage applied in 1977 the group's share of associated companies would have been reduced by £1.38m. (£1.2m.).

	1977 £000	1976 £000
External turnover*	44.042	37.907
Trading profit	3.073	1.273
U.K.	1.779	429
Overseas	1.294	844
Share of associates	3.561	3.054
Interest	455	436
Profit before tax	6.179	4.021
Tax	2.409	2.100
Net profit	3.770	1.921
Extraordinary credits	113	†390
Available	3.883	1.531
Dividends	273	243
Retained	3.620	1.288

* Excluding share of associates. † Debits.

The directors report that steady progress continues to be made in the U.K. operations towards a more acceptable and permitted level of profitability despite the comparatively slack demand in the consumer sector and lack of real growth in the U.K. economy. International operations overall show increased output and earnings and the growth in the companies in Australasia, the Far East and Canada is noteworthy.

● comment

British Vita's 54 per cent. pre-tax profits increase owes much to the success of the rationalisation and reorganisation of its U.K. operations which have been turned round from a loss of £4m. to profits of almost £1.8m. in two years. The U.K. polymer and rubber product divisions should benefit further from improved efficiency in the current year and an upturn in consumer spending, after last year's mostly flat trading conditions, will also help. However, the loss of a large slice of the group's Nigerian earnings (which contributed around 70 per cent. of last year's associate profits) will be very difficult to bear. Even if the group's other and more recent overseas investments continue to produce growth it will be difficult for the group to show much, if any, profits advance in the current year. However, the renewed strength in the U.K. and the lessening dependence upon potentially volatile African earnings should help improve the quality of group profits. Meanwhile a p/e of 3.1 with the shares at 82p and yield of 4 per cent. with a dividend covered over 12 times still looks attractive despite the dull short term outlook.

Expansion for Myddleton Hotels

In the half year ended December 31, 1977, Myddleton Hotels has increased its profit from £248,000 to £329,000, after interest charges of £47,000, against £59,000.

After taking into account the expected relief on capital allowances in the current year, the tax charge is £127,000 (£98,000) to leave the net profit ahead from £150,000 to £202,000.

Following a placing of shares last year as a result of an acquisition, the Treasury gave its permission for Myddleton to pay a dividend of 10p gross, compared with 7.04545p in 1976-77. In the event the interim is being raised from 2.5p to 4p gross, or from 1.65p to 2.64p net.

Nationwide Leisure

A circular to shareholders of Nationwide Leisure recommending the purchase of land from a company controlled by Nationwide chairman Mr. John Hutchings was "disingenuous and misleading," a High Court judge said to-day.

Mr. Justice Templeman ordered postponement of a Nationwide meeting, scheduled for to-day, until the Board has prepared a proper circular settled by a QC. The meeting had been called to seek approval of the deal.

To-day's order was made on an application by British Car Auction Group on behalf of 60 per cent. of the Nationwide shareholders. They claimed that Nationwide had not fulfilled its part of an agreement by which a legal action over the proposed land deal was compromised last November.

British Car Auctions sold its entire holding of 1,774,697 Ordinary shares (29 per cent.) in Nationwide last December. The share quotation of Nationwide was suspended in 1964 and the listing cancelled in 1970.

The judge said Nationwide's shareholders were entitled to have a sufficient, accurate and not misleading circular from their directors. That they had not got.

He was satisfied that the Nationwide directors concerned had not complied with the letter or the spirit of the compromise. The shareholders should have independent expert advice, he said.

The judge ordered the costs of BCA's application to be paid by Mr. Hutchings and two other Nationwide directors, Mr. Richard Frank Cox and Mr. John Leonard Gray.

Dunford & Elliott well below forecast

FALLING well short of a forecast £5m., taxable profit of Dunford and Elliott for the year to September 30, 1977, turned in at £1.71m., compared with a loss of £1.16m. for the corresponding period. At the interim stage a recovery from a deficit of £0.6m. to a surplus of £1.7m. was reported.

The forecast was made at the time of the successful bid from Lonrho.

The year's profit was struck after lower dividends and interest received at £4,000 (£156,000) and higher interest payable at £3.06m. (£2.87m.).

There is a tax credit this time of £1.2m. (charge £0.12m.) and an extraordinary loss of £230,000 (£241,000 profit). The undistributed profit for the year was £2.73m. (loss £1.09m.).

Optimism at Braid Grp.

After a difficult start, profits of the Braid Group in the first four months of the current year are comparable to those for the same period of the previous year.

Speaking at the AGM Mr. D. C. Bamford, chairman, said that demand for the group's vehicles in the first two months—October and November—was less than buoyant and then December was affected by the decision of Vauxhall Motors to increase its prices unilaterally.

In January the group's sales improved substantially over the previous months, while the national market penetration of Vauxhall vehicles remained at a reduced level.

The chairman said that the group now had a relatively novel situation. It had the volume of vehicles in stock needed to fulfil sales objectives: it was well placed to take advantage of the market opportunities: the growing strength of fleet and business sales was one that the group was well qualified to satisfy: the long-awaited upsurge in truck sales was beginning to materialise: and the bodybuilding activities were prospering.

In view of this the chairman believed that, despite the difficulties of the earlier months, "you will not be dissatisfied with our ultimate performance in 1977/8."

Calcutta Electric

Referring to the fall in unit sales (from 2.02m. to 1.97m.) in the eight months ended November 30, 1977, Bhaskar Mitter, chairman of Calcutta Electric Supply Corporation, explains that this was primarily due to the generally difficult power situation during the period compared with the same period of the previous year.

The increase in gross receipts—from £33.63m. to £36.06m.—is attributed to the benefit obtained during the period from the revision of rates in July and September, 1976. Operating costs have also been subject to further escalation on account of the increase in the cost of coal and payments to Damodar Valley Corporation in the terms of the settlement arrived at.

The gross interim dividend is unchanged at 6.25p—the 1976-77 total was 13p paid from the net revenue of £2.41m.

The chairman reports that the company has received bridging finance of £0.79m. against the long-term financial assistance £6.03m. to which the financial institutions have agreed in principle to subscribe. Legal and other formalities which have to be completed before release of the first instalment of this assistance are under way and in the meantime, work on the installation of two additional boilers at Mulajore Generating Station is continuing.

Regarding the new generating scheme of financing this large project is being worked out in consultation with the Government authorities and the financial institutions.

Referring to the Indianisation scheme, the chairman says that the company is pursuing the matter, and expects to receive Government's decision soon. After this is received, the scheme will be placed before the holders with all necessary information.

PAULS & WHITES

Pauls and Whites has agreed terms for the purchase of John Harvey (Nonington). The consideration is to be about £290,000, satisfied by the issue of approximately 285,000 Pauls and Whites Ordinary shares.

John Harvey are old-established agricultural merchants and distributors of Paul's animal foods in east Kent.

Mitchell Cotts Transport on course for £1m.

ANNOUNCING AN advance in taxable profit at Mitchell Cotts Transport from £403,000 to £311,000 for the half year to December 31, 1977, the directors say this indicates that the £1m. record profit forecast for the year is likely to be achieved.

Sales for the first six months were up £0.45m. at £4.28m. and profit was struck after interest of £65,000 (£78,000).

The net interim dividend is lifted to 1.3p (1.155p). Last year a final of 2.185p was paid from a surplus of £0.85m.

Tax for the first half took £232,000 (£164,000) and the net balance came out at £279,000 (£239,000).

The chairman Mr. J. C. Dick is to retire on April 4.

Investment Tst. of Guernsey

FOR 1977, net taxed revenue of Investment Trust of Guernsey rose from £258,971 to £296,509.

The final dividend is 4.5p gross, or as an alternative holders can take a scrip. Total dividend the year is 7p, compared wit...

At December 31, the net ... value was 192p per 50p ... against 169p.

Lunuva doubled to £98,846

Taxable profit of Lu... (Ceylon) Tea and Rubber E... doubled from £47,437 to £98... Most of this came in the first ... when an advance from £34,0... £95,653 was reported.

The Treasury has confi... that since the company's in... ments are primarily in compa... which trade and operate ... exclusively overseas, it will no... subject to the current regulat... on dividend control. The dividend is stepped up from 3.... to 5.5p on earnings per £1 ... shown to have risen from 3.44... 7.57p.

Tax for the 12 months ... £34,157 (£18,069) and there is ... extraordinary debit of £2,245 ...

Cadbury Schweppes Australia ahead

THE U.K. controlled confectionery and soft drinks group, Cadbury Schweppes Australia, has effectively increased its dividend after producing a record profit in 1977. Earnings rose from $A7.49m. to $A8.77m. on a 9 per cent. lift in sales to $172m.

The dividend is 6.75 cents, an effective increase of almost 20 per cent. after adjusting for a 1-for-2 scrip issue.

Sales of the confectinery division rose 13.5 per cent. to $92.3m. in 1977 with the soft drinks side ahead of 4.3 per cent. to $79 3m. In terms of profit contribution however, confectionery lifted pre-tax earnings 10.6 per cent. to $9.65m. and soft drings by 16.8 per cent. to $5.81m.

TAP STOCK

The Bank of England announce that the list of applications for the issue of £800m. of 9¾ per cent. Exchequer Stock 1983 opened and closed yesterday. The full amount of the stock offered has been allocated; all applicat... received from the public be... allotted in full.

British Insce. Brokers

The British Insurance Broke... Association has announ... appointments to the U.K. cre... insurance brokers' and t... brokers' reinsurance committee.

Mr. Graham Heard, a direct... of Sedgwick Forbes, has be... appointed chairman of the U... credit insurance brokers' commit... tee for 1978. And Mr. A. H. Dea... of Lowndes Lambert Group a... Mr. B. Lowry of Sedgwick Forb... have been elected as members.

Mr. A. Traill, of Traill Atte... borough, and Mr. D. R. Gell... of Wigham Poland Reinsuran... Brokers, have been elected cha... man and deputy chairman re... pectively of the brokers' rei... surance committee for 1978.

Scanners setback leaves EMI halved midway

SHARP REVERSES in the music and electronics divisions of EMI have left profits almost halved from £38.25m. to £19.37m. in the first six months of the current year and with adverse trading conditions persisting the directors warn that the year's result will be well down on the peak £64.7m. reached in 1976-77.

At the AGM in December members were told that in spite of higher turnover, first half profits were running considerably below the level of the previous year due to increased competition from overseas and insufficient order intake of scanners in the U.S.

Sir John Read, chairman, said yesterday that the most "disappointing factor" of the half year had been the setback in medical electronics where losses had run into "millions of pounds" against "modest profits" in the same period of the previous year. He was hopeful, however, that these interests would just show an overall profit for the year.

The downturn was due to greater costs in a market which had been deliberately cut back by the American Government which was intent on reducing medical costs, claimed the chairman.

He felt that "bleak conditions" would continue in America for scanner equipment although he was confident of growth elsewhere. The current order book was below expectations although outside America it was about target.

No forecast for the year but in spite of the gloomy outlook he said it would be wrong to anticipate a dividend cut. The interim is being maintained at 3.41p—last year's total was 9.24p.

In their statement the directors say that although the value of scanner machines installed worldwide exceeded the corresponding period of 1976, the overall market has not grown as expected largely due to the greatly reduced number of American hospitals and clinics at present able to purchase this equipment. Outside the U.S. the market continues to develop well although intense competition has persisted.

Total sales and profits of defence and industrial electronics were higher than last year.

Consumer electronics, overall, made a small loss due entirely to the severe collapse of the Australian market. The subsidiary, EMI (Australia), is no longer operating in the consumer electronics market, having disposed of all its interests on December 31, 1977.

Apart from currency movements the directors point out that a number of factors have had an adverse effect on profits. These include costs of upgrading performance and maintaining equipment in customers' hands; the increase in the sales and service bases around the world; and increased research, development and litigation costs in protection of patent rights.

On the music side, where the reduction in pre-interest profit was from £23.14m. to £13.56m., increasing competition together with the dominance of the U.S. repertoire left music profits below last year's level in each territory. Reduced margins in Europe were also affected by costs associated with new production facilities in Holland and a new distribution centre in France.

In the U.S. Capitol experienced higher recording and marketing costs and invested heavily in talent development. Music profits in Japan and Australia were similarly affected, the directors state.

Referring to the improved leisure result (profit before tax and interest were up from £2.8m. to £3.9m.) the directors explain that this includes higher profits from Cinemas and Social Centres. Occupancy rates in hotels have been maintained at a high level and the Tower Hotel made a worthwhile contribution.

The television profit of £4.47m. (£3.57m.) reflects the improved performance of Thames Television.

After all charges the half year group balance attributable to Ordinary holders comes through at £7.54m. against £14.66m. Basic earnings per 50p share are stated to be down from 15.5p to 6.9p or from 13.8p to 6.4p fully diluted.

	First half 1977-78 £000	1976-77 £000
Sales	443,386	424,048
By territory—		
U.K.	171,909	141,404
Europe	121,110	119,942
N. America	91,361	92,736
Other countries	88,926	75,381
By product—		
Music	226,639	235,591
Leisure	63,097	43,728
Television	28,683	22,995
Electronics	124,967	126,920
Profit before interest	25,224	41,768
By territory—		
U.K.	14,272	11,860
Europe	3,396	11,368
N. America	1,844	9,958
Other countries	5,512	10,582
By product—		
Music	13,338	23,144
Leisure	5,893	2,601
Television	4,465	3,572
Electronics	1,318	12,361
Net interest	5,856	5,038
Profit	19,368	36,730
Taxation	10,769	20,152
Net profit	8,599	16,578
Minorities	991	1,850
Preference dividends	69	69
Attributable to Ordinary stockholders	7,539	14,659
Extraordinary items	118	22
Leaving	7,657	14,637

The improvement in the value of the pound against most other currencies since December 31, 1976, has reduced half-year sales by £25.5m., and profits by £2.9m., allowing for associated exchange losses.

The increased interest charge largely reflects higher borrowing levels resulting from expansion, including acquisitions during 1976-77 and increased working capital employed in medical electronics and film and television productions.

Taxation includes overseas tax of £4m. (£7.9m.). The overall rate of 56 per cent. compares with 55 per cent. in the corresponding period of the previous year, the increased rate arising largely from the reduced profit contribution from territories overseas having lower tax rates.

A summary of the balance sheet at December 31, 1977, compared with June 30, 1977, shows bank borrowings up from £21m. to £60m. and with liquid funds little changed at £30m. against £31m.

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Finals—Alliance Trust, George Oliver Footwear.

FUTURE DATES

Interims—	
Armstrong Equipment	March 21
Benzer (C.H.)	March 13
Clark (Matthew)	March 8
Medminster	March 9
Stocklake	March 8
West of England Trust	March 9
Finals—	
Reatson Clark	March 20
Harris and Sheldon	March 9
Neil and Spencer	March 6
Refuge Assurance	March 9
Woodward (H.)	March 15

T & N second half depressed by sterling

IN THE second half of 1977 profits of Turner and Newall were adversely affected by the relative strength of sterling and the result did not reach the level anticipated. The pre-tax balance for this period amounted to £20.92m. taking the total for the year up to £45.25m., which compares with some £48.5m. anticipated at halftime and with £35.38m. for the previous year.

The strengthening of sterling reduced the value of profits earned by exports, overseas subsidiaries and associates — had foreign exchange rates at June 30, 1977, applied throughout the year the group profit before tax would have been about £3.6m. higher, the directors point out. Changes in rates between the two year ends reduced the year's profits by £2.9m. compared with an increased of £1.5m. in the previous year.

The 1977 profit included contributions from Storey Brothers and Philip A. Hunt Chemical for the final quarter amounting to £1.4m., before central financing costs.

At the trading level the year's result showed an increase from £34.37m. to £44.98m. Despite difficult operating conditions and a sluggish European market, particularly in the second half, profits of the European companies rose by 29 per cent. to £25m. Direct and indirect exports played a vital part, the former reaching £93.7m. —an increase of 30 per cent. on 1976.

Despite the less favourable exchange rates the overseas trading profits moved up by 34 per cent. to £19.9m.

Reflecting a substantial profit improvement from the 23.4 per cent. owned Cassiar Asbestos Corporation the group's share of associates profits increased from £4.1m. to £6m.

Looking at the current year the directors report that, excluding Hunt Chemical and Storey, sales in the first month are ahead of the same period of 1977 but they stress that it is too early to draw any conclusions about trading prospects for the year.

Providing for tax and minorities the 1977 profit attributable to holders comes through at £23.87m. against £20.22m., giving earnings per £1 share up from 26.34p to 31.72p on a weighted basis or from 25.85p to 29.78p on a stock issue basis.

The dividend is increased by the maximum permitted — from 9.12237p to 10.09553p net, with a final of 6.095532p.

	1977 £000	1976 £000
Sales	413,792	332,511
European	307,394	247,744
Overseas	106,398	84,767
Trading profit*	44,981	34,373
European	25,028	19,465
Overseas	19,953	14,908
Associates	6,011	4,080
Net financing charges	5,741	3,055
Profit before tax	45,251	35,378
Taxation	15,814	12,848
U.K.	4,164	3,216
Overseas	9,302	8,118
Associates	2,348	1,514
Net profit	29,437	22,530
Minorities	3,569	2,312
Attributable	25,868	20,218
Extraord. debits	721	†802
Dividends	8,557	13,512
Retained	16,590	13,812

* After depreciation £10.8m. (£8.4m.). † Credits.

A divisional analysis of sales and trading profit shows (£000s omitted): Plastics and industrial materials £151,441 (£124,760) and £12,163 (£9,016); automotive components £132,060 (£99,421) and £16,664 (£12,883); chemicals £11,643 (nil) and £903 (nil); construction materials £131,338 (£117,936) and £12,199 (£9,717); asbestos mining and fibre distribution £42,990 (£43,473) and £6,591 (£5,136); intra-group sales £55,680 (£53,079) and group expenses £3,539 (£2,359).

The results of the Rhodesian subsidiaries are not included as their accounts are not available to the group.

The accounting policy for deferred tax has been changed to accord with ED19, as a result of which deferred tax has not been provided. In addition, the policy for translation of foreign currencies has been modified with the result that gains or losses on term loans in foreign currency, previously dealt with as extraordinary items, are matched with corresponding losses or gains on related foreign assets. The results for 1976 and the half year ended June 30, 1977, have been restated.

A summary of the group balance sheet at December 31 shows that cash and near cash is reduced from £48.07m. to £19.41m. while the total of debt is up from £70.05m. to £105.58m.

At an extraordinary meeting to be held on April 20 holders will be asked to approve stock option schemes for directors and senior executives in the U.K. and overseas. Details will be circulated shortly. It remains the directors' intention to recommend to holders an appropriate form of wider share ownership scheme for all U.K. employees but its introduction will now await the proposals for profit sharing ultimately put forward by the Government following the issue by the inland revenue of its Consultative Document.

See Lex

Reliant Motor forecasts £0.2m.

Reliant Motor Group, the Cardiff-based specialist motor-car manufacturers which is 78.7 per cent. owned by J. F. Nash Securities, is forecasting annual profits for the year ending September 30, 1978, of £200,000, against £229,000 last year.

Shareholders were told at yesterday's annual meeting by Mr. John Nash, the chairman, that the first six months of the financial year would bear the brunt of the reorganisation programme, including redundancies costing £½m., and that this was likely to result in the motor subsidiary losing £600,000 and the Reliant Motor Group as a whole losing £450,000.

Mr. Nash said that, thanks to management efforts and "considerable co-operation" from the trades unions, the reorganisation programme was well advanced.

Rea Bros. makes headway

AFTER a transfer to inner reserves and charging all expenses including tax, profits of merchant bankers, Rea Brothers rose from £471,000 to £501,000 for 1977.

The net final dividend per 25p share is 0.9278p raising the total payment from 1.4926p to 1.6528p, at a cost of £152,000 (£126,000). The sum of £308,000 (£304,000) has been added to reserves.

Arnott earns & pays more

STRONG WHOLESALE trading and the introduction of a six-day week in the retail division boosted Arnott and Co. Dublin in the year ended January 14, 1978.

Turnover rose £4.41m. to £28.25m. and profits were up £457,000 at £2.19m.

Sales by the parent company rose by 21.6 per cent., and in the current year another gain in productivity will be needed to overcome the rising trend of costs, the directors stress. With the exception of Merrymaid, which has ceased trading, results of the subsidiaries were satisfactory.

Earnings are shown at 28.25p (20.63p) per £1 share. The final dividend is 6p for a net total of 10p, against 7.37p after adjusting for a 1-for-2 scrip issue.

	1977-78 £000	1976-77 £000
Turnover	28,249	23,838
Trading profit	2,377	1,922
Interest paid	201	193
Profit before tax	2,186	1,729
Taxation	905	805
Minority	77	43
Attributable	1,204	881

Whatlings ready for improved demand

FOR THE current year at Whatlings the volume of turnover should be maintained although the final profit level will be under pressure, Mr. James Robertson, the chairman, says in his annual statement. He adds that the company is in a good position to benefit from improved demand, both in the U.K. and overseas.

As reported on January 20 this civil engineering group turned in record pre-tax profits for the year to September 30, 1977, of £860,873, compared with £464,325, and the dividend is stepped up to 2.568p (2.3p).

The chairman says that one of the contributory factors in the profits increase was the elimination of interest charges following the much improved liquidity position throughout the year.

A substantial replacement programme was carried out during the year and over £700,000 of new plant, machinery, vehicles, etc., was purchased, largely financed by hire purchase, he adds. Hire purchase balances at September 30 were more than doubled at £474,736 (£200,195).

A one-for-our scrip issue of 5p shares increased the share capital to £1m. and a subsequent reorganisation consolidated the 5p shares into 25p shares, Mr. Robertson states.

At the year-end cash and bank balances increased by £408,979, against £857,829.

Meeting, Abercorn Rooms, EC, on March 22 at noon.

Ulster Bank moves ahead by £3.1m.

For 1977, Ulster Bank announces profits £3.08m. ahead at £10.31m., before tax of £3.8m. A total dividend of £315,000 has been paid.

With the benefit of the low tax charge, and after allowing for minority interests and a small profit on the sale of Trade Investments, the sum of £6.17m. (£4m.) is being transferred to reserves.

The group includes the subsidiary companies, Lombard and Ulster Banking, Lombard and Ulster Banking Ireland, Lombard and Ulster Plant, Independent Computer Services and Ulster Investment Bank.

British Steel subsidiary denies aggressive rate cutting

FINANCIAL TIMES REPORTER

Redpath Dorman Long, constructional engineering subsidiary of the loss-making British Steel Corporation, was yesterday alleged to have driven Robert Stevenson, a small steel fabricator, into receivership by aggressive rate-cutting.

The claim was denied by Redpath Dorman, which said yesterday it competed fairly for business, and was often underbid by U.K. competitors.

Robert Stevenson, a small Norwich steel fabricator and erector with sales last year of £1.8m., said it had been so heavily undercut by the BSC subsidiary that overhead recovery had become impossible.

"Redpath Dorman's policies had created havoc in the market place."

After a pre-tax profits slump last year of £200,000 to £14,000, the company had asked its bankers to appoint a receiver, called in on Wednesday.

No profit could be expected for ... months, losses for the next two years should total £400,000, an independent accounting team had predicted.

The company, whose debts had risen nearly 80 per cent. to ...00,000 since 1976, had also been affected by a downturn in profitable Middle East and Nigerian business.

Redpath Dorman Long showed profits in 1976/77 of £2.5m. before interest, on sales of £127m. Civil engineering and general contracting business stayed at a satisfactory level throughout the year, the BSC annual report said.

Erin in the black

For the first time in its history Erin Foods division of the Irish Sugar Company has gone into the black.

The 1976-77 results show that Erin produced a pre-tax contribution of £36,000 to group profits of £2.99m. This compares with a loss of £596,000 in previous 17 months.

Erin Foods had a £18m. turnover in 12 months trading period, compared with a £14.7m. annualised turnover in previous period (actual of £20.8m. for 17 months).

The turnaround was achieved through a combination of volume increases, margin improvements and a reduction in overheads to reflect the cost of stock consumed at current prices.

Dunlop South Africa outlook

JOHANNESBURG, March 2.

DUNLOP SOUTH AFRICA, which reported trading profits up from R7.6m. to R9m. ($10.4m.) on turnover R6m. higher at R89m. ($102m.), says in its annual report that it expects to maintain the levels of profitability achieved during 1977 in the current year.

This is based on the assumption that the domestic economy will not deteriorate, which gives some hope for a limited improvement in business conditions. In 1977, earnings per share were 33 cents and a dividend of 17 cents was paid.

The group has prepared a current cost statement in line with the Hyde guidelines used in the U.K., to which the parent company will be adhering.

The trading profit is reduced to R5.2m. on this basis and attributable profits are more than halved, to R2.4m., against the R2.6m. cost of the dividend.

In the balance sheet, fixed assets rise from R31m. to R51m. Additional depreciation has been calculated by reference to the consumer price index, while the cost of sales has been adjusted

English and Caledonian repayment

The directors of English and Caledonian Investment Company, a wholly-owned subsidiary of European Ferries, intend to put forward proposals to repay at par, plus accrued interest, the £300,000 5¼ per cent. Second £300,00 4¼ per cent. Redeemable debenture Stock, 1978-83, and the Redeemable Debenture Stock 1983/88 of E and C on July 1, 1978, being the next interest payment date.

As soon as practicable, the necessary stockholders' meetings will be convened at which stockholders will be asked to approve alterations to the Trust Deeds to enable the proposed repayments to take place.

IBA argument over surplus delays report

By Arthur Sandles

THE Independent Broadcasting Authority's annual report for 1976-77 has been delayed for five months because of disagreement with the Treasury over the authority's growing surplus—intended for more capital investment.

A Commons sub-committee has questioned senior officials in the authority about the delay, saying that it would be 12 months after the end of the financial year (March 31) before the report was available.

The authority, however, played down Treasury efforts to obtain some of the surplus. Sir Brian Young, director general, told the committee that the authority wanted resources for spending on extending television coverage and local radio.

UTA suggestions on company reports

It is not in the national interest to impose further burdens of reporting and accounting on industrial and commercial managers, according to the Unit Trust Association.

In its submission to the Department of Trade on the green paper on company reports, "The Future of Company Reports," the Association says that the proposals made in the green paper are wider and more onerous than can be justified by reference to the purpose of a company report.

In particular, the association suggests that the company report is not the right channel for an expanded employment statement, or—as yet—for the disclosure of pension commitments.

The association suggests that it would be better to wait for the report of the accounting standards committee before going any further on the disclosure of pension commitments, since any estimate of their magnitude will inevitably be dominated by someone's view of the future rate of inflation.

Thos. Walker setback

A drop in profits, from £103,409 to £78,646, for the half year ended December 31, 1977, is reported by Thomas Walker, which serves the clothing and allied trades with the manufacture of metal smallwares.

Turnover came to £833,000 (£796,286). After tax of £33,020 (£46,228), net profit was £45,626, against £57,181.

Earnings are shown at 0.761p (0.953p) per 5p share, and the interim dividend is again 0.1675p net. For the full 1976-77 year the dividend total was 0.5065p from pre-tax profits of £214,000.

Retirement studies

THE UNIVERSITY of Manchester Institute of Science and Technology has a £20,000 grant from the Science Research Council to study the social and psychological effects of early retirement on people.

Early retirers will be asked about their experiences of compulsory and voluntary schemes. Other aspects to be investigated include personal reactions to early retirement prospects, and problems of adjustment after the routine of working life.

Tree Council seeks £½m.

THE TREE COUNCIL is to expand its activities, setting up a Tree Foundation to finance a five-year campaign and development programme, including an aid scheme for tree planting. Mr. Kit Aston, chairman, told the council's fifth annual conference yesterday.

The Foundation is aiming to raise £500,000. Prince Philip opened the conference.

MONEY MARKET

Small assistance

Bank of England Minimum Lending Rate of 6½ per cent. (since January 6, 1978)

Applications for the new short tap stock, 8¾ per cent. Exchequer 1983, was the only factor working against the London money market yesterday. This slightly outweighed a small amount of net maturing Treasury bills, a slight excess of Government disbursements over revenue payments to the Exchequer, and a small fall in the note circulation.

The authorities gave a small amount of assistance by buying Treasury bills from the discount houses, which was probably more than enough to take out any underlying shortage.

This was reflected in the sharp decline in day-to-day interest rates towards the close. Discount houses paid 6-6½ per cent. for secured call loans at the start, but closing balances were found at 3-5 per cent.

In the interbank market overnight loans opened at 6¾-7 per cent., and touched 7¼-7¾ per cent., before falling to 3 per cent. at the close.

Rates in the table below are nominal in some cases.

Mar. 2 1978	Sterling Certificate of deposits	Interbank	Local authority deposits	Local Auth negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	5-7¾	—	—	—	7	3-6½	—	—	—
2 days notice	—	—	6⅛-6⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—						
7 days notice	—	6⅛-6⅞	6⅛-6⅜	—	6¾-7	7	6-6⅛	—	—	—
One month	6⅜-6⅞	6⅜-6⅞	6⅛-6⅜	6⅞-6¼	6¾-7	6⅞	6	5⅝-5⅞	6¼	7⅛
Two months	6⅞-6⅝	6¾-7	—	6¾-6⅞	7¼-7¼	—	6	5⅝-5⅞	6⅜-6⅞	7⅛
Three months	7-6⅞	7-7¼	7-7⅛	6⅞-6⅝	7¼-7⅛	7¼	6¼	5⅞	6⅝-6⅝	7⅛-7¼
Six months	7¾-7⅞	7⅞-8	7⅝-7¾	7⅛-6⅞	8-8⅛	—	—	—	7⅞-7⅛	7¾
Nine months	8⅛-7⅞	8⅛-8⅝	—	8-7¾	8¾	—	—	—	—	—
One year	8⅜-8⅛	8¼-8⅛	8⅛-8¼	8¼-8	[illegible]	—	—	—	—	—
Two years	—	—	9¼-9⅜	—	—	—	—	—	—	—

Local authorities and finance houses seven days notice, others seven days fixed. *Long-term local authority mortgage rate nominally three years 10¼-10⅜ per cent.; four years 10⅜-10⅝ per cent.; five years 10⅝-11¼ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 6⅞-7 per cent. Four-month trade bills 7¾-7¾ per cent.

Approximate selling rates for one-month Treasury bills 5¾-5⅞ per cent.; two-month 5⅝-5⅞ per cent.; and three-month 5⅞ per cent. Approximate selling rate for one-month bank bills 6⅛ per cent.; two-month 6¼-6⅜ per cent.; and three-month 6⅜-6½ per cent. One-month trade bills 7 per cent.; two-month 7 per cent.; and also three-month 7-7¼ per cent.

Finance House Base Rates (published by the Finance Houses Association) 7 per cent. from March 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days notice): 3 per cent. Clearing Bank Rates for lending 6½ per cent. Treasury Bills: Average tender rates of discount 5.9756 per cent.

BIDS AND DEALS

Centreway now offers 47p for Blakey's

After buying 110,000 shares in Blakey's (Malleable Castings) at 47p per share, Centreway is raising its general bid for Blakey's to the same level.

This follows quickly after the Blakey's rejection document on Wednesday in which the Board said Blakey's shares had exceeded the 41p per share offer ever since it was made.

The Board also carried out a property revaluation and, including the profit forecast, net assets were said to be 58p per share. In the Stock Market yesterday the shares were unchanged on the day at 46p.

Centreway started the battle with 33 per cent. of Blakey's Ordinary capital and only needs to obtain 50 per cent. before going unconditional. Nevertheless, Centreway has found it necessary to buy these extra shares amounting to another 3.8 per cent. of the issued equity. And the increase in the general offer had to follow in accordance with the Takeover Code.

MR. K. J. HARRISON

Our February 23 report of the Thomas Tilling offer for Liner may not have made it clear that all the dealings in Liner shares attributed to Mr. Harrison in the offer document were in fact dealings by family trusts in which he has an interest but over which he has no control.

He himself has not engaged in any dealings whatsoever over the period mentioned and we apologise for any embarrassment caused by any contrary impression given by the report.

GRAFF MINORITY STILL RESISTS

Mr. Laurence Graff's aim to make Graff Diamonds entirely his own again is still being thwarted by minority shareholders who resisted his attempt last year to force them to part with their shares at the equivalent of 28p.

The dissidents have now been told that the latest 70p offer needs 23 more acceptances before it can be made compulsory.

The offer, again described in a new letter to shareholders as "final," is extended until March 22. If the acceptance limits are not reached, 50p will be paid to those shareholders willing to sell for this figure, and Mr. Graff will be left with the hardest core of resistance.

FREDERICK EVANS

McKechnie Brothers' offer to acquire the capital of Frederick W. Evans has been accepted by the holders of 2,431,375 Ordinary shares together with the relevant new Ordinary shares allotted pursuant to the resolution passed at the EGM on February 27. This represents 86.8 per cent. of the capital.

The offer has now become unconditional in all respects and will remain open.

FAIRDALE TEXTILES

Fairdale Textiles has acquired the capital of R. M. Weeks and R. M. Weeks (the Lady's Shop), such share capital being in common ownership.

Total assets acquired are £99,525. Net profit for the period March 1 to Oct. 22, 1977, was £4,882 after providing for bonuses for the retiring controlling directors of £25,500. Total consideration payable in cash is £109,450, subject to a retention of £2,500.

TILLING COMPLETES

Thomas Tilling has completed its offer announced on December 14 to acquire the capital of Clarkson Industries Inc., environmental control engineers based in Ridgefield, Connecticut.

Mr. C. J. Draper, deputy managing director of Tilling and president of Thomas Tilling Inc., has been appointed chairman of Clarkson and Mr. A. Williams, managing director of D. C. E. Vokes group, will also join the Board. Mr. R. L. Stephenson will continue to serve as chief executive officer of Clarkson and become vice-chairman.

ASSOCIATES DEALS

Laurence Prust and Co. has sold on behalf of discretionary investment clients the following shares in Seapa Group: 4,500 Ordinary at 93p on March 1 and 20,000 at 89½p on March 2.

Simon and Coates, an associate of Property Investment and Finance, has sold £5,000 nominal of Pifi 6 per cent. Convertible Unsecured Loan Stock, 1991-96, at £83 per cent. on behalf of an associate of Pifi.

SHARE STAKES

Brown and Tawse—C. Walker and Sons has sold 75,000 Ordinary shares. Following this, Mr. J. Walker is interested in 1,261,000 Ordinary (12.5 per cent.) of which 1,101,000 (10.9 per cent.) is beneficially owned by C. Walker and Sons.

Sabah Timber—Harrisons and Crosfield is now interested in a total of 23,049,456 (39.1 per cent.) shares.

Harrisons Malaysian Estates—Harrisons and Crosfield is now interested in 43,636,563 (28.13 per cent.) shares.

Initial Services—John James Group of Companies has increased its holding of 5.95 per cent. Cumulative Preference shares to 30,778 (7.7 per cent.).

Calcutta Electric Supply Corporation—General Insurance Corporation of India, together with its subsidiaries, now holds £153,200 6 per cent. Cumulative Preference stock.

W. J. Reynolds Holdings—Mr. T. J. Clemence and associates are now interested in 373,000 Ordinary shares (9.61 per cent.).

Claverhouse Investment Trust—Scottish Amicable Life Assurance Society and a subsidiary now hold 862,000 Ordinary shares.

London Sumatra Plantations—Harrisons and Crosfield is now interested in a total of 5,119,338 (32.14 per cent.) shares.

Lindustries—Hanson Trust now holds a total of 1,221,000 (6.63 per cent.) Ordinary shares. The directors of Lindustries have acquired Ordinary shares as shown against their names: P. A. Rippon 20,000, A. E. Luke 10,000, and R. J. Lupini 2,500.

Malayalam Plantations (Holdings)—Harrisons and Crosfields is now interested in 25,464,853 (03.60 per cent.) shares.

Jove Investment Trust—London Trust Company has purchased a further 180,000 capital shares and now hold 400,000 (10.98 per cent.).

British Printing Corporation—John James Group of companies has acquired a further 5,000 shares making a total 90,000.

United Dominions Trust—London and Manchester Assurance has acquired a further 10,000 3.13 per cent. cumulative Preference shares increasing holding to 92,500 (78.3 per cent.) shares. Also acquired a further 10,000 3.13 per cent 2nd cumulative Preference shares increasing holding to a total of 70,000 (7 per cent.) shares.

Harcros Investment Trust—Harrisons and Crosfield now holds 14,661,477 (77.31 per cent.) shares.

James Harrison Holdings—Samuel Montagu and Co. announces that associates of James Harrison Holdings have sold 3,638,417 shares of James Harrison, assented to the share exchange offer from Barratt Developments, at a price of 54½p per share. These shares have been placed. The shares in question represent 70.8 per cent. of the capital of Harrison and were the subject of irrevocable undertaking to accept the Barratt offer.

Manson Finance Trust—Mr. E. E. Goldie, a director, has sold 20,000 shares.

Randalls Group—Ferguson Industrial Holdings has bought 5,000 Ordinary shares increasing holding to 185,000 (7.27 per cent.).

Automated Security (Holdings)—London Trust has bought 30,000 8 per cent. Conv. Pref. shares. Total holding 250,000 shares (24.43 per cent. of those shares issued by way of recent rights).

Watmoughs (Holdings) — Mr. J. A. V. Wade as trustee, has become interested in 8,000 Ordinary shares, increasing his trustee shareholding to 672,713 (22.42 per cent.).

Lamont Holdings—Sir Desmond Lorimer, chairman, acquired 20,000 shares at 14p and 10,000 at 15p on February 2. Beneficial interests of Sir Desmond and his family now 334,347 shares (3.83 per cent.).

Assam Dooars Holdings—British Indian Tea (Holdings), a subsidiary of Longbourne Holdings, has transferred its holdings of 12,390 Ordinary shares and 14,500 Preference shares in Assam Dooars to Longbourne. As a result, Longbourne now holds 115,370 Ordinary (11.31 per cent.) and 14,500 Preference shares (9.73 per cent.).

Estates and Agency Holdings—Angloped, a company owned equally by D. Berchanpour and F. A. Shasha, director, acquired 1,000 shares at 26p on January 12, 10,000 at 41p on January 24 and 12,300 at 40p on February 21.

Polymark International—ITC Pension Trust and the ITC Pension Investments are now the joint beneficiary owners of 330,000 Ordinary shares.

Steetley—Prudential Group now holds 2,843,468 Ordinary shares (5 per cent.).

Spear and Jackson International—London and Manchester Assurance has acquired a further 4,171 3 per cent. Preference shares and now hold more than 5 per cent. of that class.

Vernon Fashion Group: Mr. D. Mettreich, a substantial shareholder, has purchased 13,000 Ordinary shares.

Jokai Holdings: Longbourne Holdings has acquired from its subsidiary, British Indian Tea Company (Holdings), 1,500 Preference shares and 184,347 Ordinary shares. As a result of this acquisition, Longbourne now holds a total of 4,670 (3.1 per cent.) Preference shares and 692,460 (31.81 per cent.) Ordinary shares.

Monument Securities: Mr. D. J. Finlay-Mulligan, a director, has disposed of 23,000 Ordinary shares; and his wife has disposed of 240,000 Ordinary shares.

Warwick Engineering Investments: Gidney Securities has recently purchased 100,000 Ordinary shares.

Banro Consolidated Industries: 264,000 shares registered in the name of Magwest Nominees are held in their capacity as trustee of Key Small companies.

Beaumont Properties: London and Manchester Assurance Company now holds 925,000 Ordinary shares.

Sogomana Group: Harrisons and Crosfield is now interested in 235,063 (7.34 per cent.) shares. The increase is due to the consolidation of the stakes held by Harcros Investment Trust and Lunuva (Ceylon) which have recently become subsidiaries of Harrisons and Crosfield.

Dares Estates—Mr. P. Jackson, a director, has disposed of, by way of a gift, on February 19, 53,400 Ordinary shares in which he has no interest.

Lunuva (Ceylon) Tea and Rubber Estates—as a result of Harcros Investment Trust becoming a subsidiary of Harrisons and Crosfield, the latter company is interested in a further £88,089 stock in Lunuva thereby making a total interest in £571,081 stock (66.89 per cent.).

Cornercroft confident and plans to tackle loss area

Re-organisation of its loss making sub-contract engineering activity is planned and the directors at Cornercroft look forward to the group's future with confidence, Mr. A. W. Hartwell, chairman, tells members.

Some £130,000 has been spent on advanced machinery for the group and orders for and production of pumps and agricultural equipment is at record levels, he says.

During 1976-77 there was a sharp reduction in aircraft component work available for Cornercroft Engineering and, although the spare capacity was to some extent taken up by non-aircraft sub-contract work, this company fell from a £34,639 trading profit into a £40,147 loss.

Under the re-organisation only the profitable work will be continued and Cornercroft (Agriculture) will be moved from Coningsby to Coventry to make more efficient use of the engineering factory and to achieve substantial cost savings.

The sale of the Coningsby property will release substantial funds for further development Mr. Hartwell says. Also the T. G. Higgins and Sons business is to be closed and assets sold.

Though a reorganisation of the group is well under way and major changes have been undertaken the moves came too early for the benefits to be felt during the year to September 30, 1977. As reported on February 24, taxable earnings for this period declined from £277,416 to £239,718 on sales higher at £4.94m. (£4.12m.).

Net liquid funds at year end were down £409,000 (up £240,000) and the bank overdraft had soared to £382,727 (£101,891).

Compensation of £34,100 was made to a director on termination of a service contract.

An analysis of sales and trading profit by activity shows, pumps and pumping equipment £1,994,000 and £110,671 (£1,305,000 and £31,637); number plates and plastic products £437,000 and £25,833 (£389,000 and £12,352); agricultural equipment and buildings £863,000 and £48,487 (£743,000 and £54,987); sub-contract engineering £716,000 and loss £40,147 (£772,000 and £54,659); precision engineering £618,000 and £61,630 (£626,000 and £35,293); overseas subsidiary £421,000 and £53,192 (£351,000 and £68,488). Less internal sales of £109,000 (£68,000).

Exports from U.K. amounted to £1.01m. (£428,000).

The group is to take over the sole marketing of a combined and rationalised range of Typhoon grain dryers, produced by its agricultural subsidiary, and Cyclone dryers produced by Matthews and Yates, a Royal Doulton Group subsidiary. This contract is expected to increase Cornercroft (Agriculture) sales by about 30 per cent., and further products for this company are being investigated.

A review of stock during the year showed that certain stocks have been built up to a level now considered unnecessary but it will take some years to reduce them. In other areas, because of seasonal nature of the trades involved, sales have been lost through inability to meet demand, and a policy of increased pre-season stocking is to be pursued, Mr. Hartwell says.

Meeting, Coventry, on March 23 at noon.

MINING NEWS

Freeport gloomy on Greenvale

BY PAUL CHEESERIGHT

FREEPORT MINERALS is uncertain whether it will ever be able to make a profit from its half share of the Greenvale nickel project in Queensland, a spokesman for the U.S. group told the Financial Times yesterday.

He was speaking a few hours after Metals Exploration, the Australian company which is Freeport's partner at Greenvale, had announced in Melbourne that its Queensland unit operating the project sustained a loss of $A6.92m. (£4.05m.) in the six months to December. This is slightly lower than the loss of $A7.06m. in the same period of 1976.

"It is not possible to determine whether in the longer term Freeport will be able to recover all its costs," the spokesman said.

Echoing the statement accompanying Freeport's fourth quarter figures in January he added that as the cumulative losses at Greenvale had exceeded Freeport's investment in the project, there would be no further charges from Greenvale losses of future Freeport earnings.

For its part, Metals Ex has already de-consolidated its Queensland unit and was therefore able to announce a net profit of $A223,000 (£130,730) for the half year to December, compared with a loss of $A3,000 in the first half of 1976-77.

Greenvale is now operating within a restructured financial framework, following the rephrasing of its debts last year. Then the total outstanding was said to be over $A300m. (£179m.). The Freeport spokesman said the value of production was covering operating costs and minimum cash interest payments.

This suggests that Greenvale's position, although bleak, is not quite as dire as Mr. Reg Hare, the Metals Ex chairman, hinted last November when he told shareholders that in the last resort the federal Australian Government might be called on for assistance to avoid a shutdown.

Greenvale's problem has been that it came to production as the international nickel market was turning down and the cost of oil fuel was advancing. But technical problems prevented it from reaching full capacity.

The project has not therefore had to restrict production in the same way as other producers like Inco, Falconbridge and Western Mining. Its technical difficulties were already acting as a corrective to lower demand.

The depressed market is in any case causing changes in the Australian industry. Selcast Exploration, a unit of Selection Trust of London, said yesterday that it was ending its arrangement with North Kalgurli Mines for the treatment of Spargoville nickel at the NKM mill.

This follows the closure of the Redross mine, in which Anaconda of the U.S. is a shareholder, whose nickel had been treated by NKM. Without Redross ore, it was costing more to treat the nickel from Spargoville.

In future Western Mining will process the Spargoville ore but will not market it, as it has been doing. Selcast will do that itself.

Yesterday in London Metals Ex shares were 12p. Those of Selcast Exploration were 24p, while Western Mining were 83p and North Kalgurli were 11p.

NIGERIA TO BUY MORE AMAL. TIN

Control of the operating subsidiary of Amalgamated Tin Mines of Nigeria (Holdings) is to pass to the state-owned Nigerian Mining Corporation as a result of the Nigerian Enterprises Promotion Decree 1977.

This requires that by end-1978 not less than 60 per cent. of the equity of Nigerian mining companies should be held by Nigerian citizens or associations with a proportion of 60 per cent. held by Nigerian employees of the company concerned.

At present Amalgamated Tin Mines of Nigeria (Holdings) owns 60 per cent. of the issued capital of the operating company, Amalgamated Tin Mines of Nigeria, the rest being held by the Nigerian Mining Corporation.

Consequently, 1.2m. shares, or 20 per cent., of ATMN are now to be sold at a price of 48 kobo (38.8p) per share. Most will go to NMC, lifting the latter's holding to over 50 per cent. In London yesterday, Amalgamated Tin Mines of Nigeria (Holdings) were 28p.

ERGO PRODUCES FIRST URANIUM

The recovery of uranium and pyrites has started at Anglo American Corporation's East Rand Gold and Uranium (ERGO) operation in South Africa, the company announced yesterday. Production has begun "notwithstanding various teething problems which are being dealt with as they arise," a statement said.

The object of the operation is to extract gold, uranium and sulphuric acid from old mining waste dumps.

Gold recovery is expected to start later this month or in early April. The sulphuric acid plant, with a capacity of 1,000 tons a day is currently being commissioned.

In London yesterday ERGO shares were 3p higher at 307p.

Noranda now in control of Tara?

THE TORONTO-BASED Noranda Mines is reported in Dublin to have exercised share options to gain control of Tara Exploration and Development, which owns 75 per cent. of the Irish Navan lead-zinc mine at County Meath, Europe's largest lead-zinc deposit.

Noranda is expected to issue a statement shortly. Meanwhile, it is thought that the Canadian company may have increased its 20 per cent. stake in Tara to some 40 per cent. in a $C23m. (£10.6m.) deal with leading private Irish shareholders; the holdings reportedly include those of Tara's original promoters, Mr. Patrick Hughes, Mr. Michael McCarthy, and Mr. Matthew Gilroy.

The second largest shareholding in Tara Exploration is made up of Canada's Cominco and the London mining-finance house, Charter Consolidated, which, together, own around 30 per cent. of the equity.

Tara is the sole operator of the Navan mine and jointly owns it with the Irish State, which holds the remaining 25 per cent.

The depression in zinc prices and productivity that has been hit by successive labour problems since Tara went on-stream in mid-1977 have accentuated Tara's financial problems, and it appears that the original Irish promoters have preferred to liquidate their holdings, rather than subscribe further investment funds.

Engine agency is withdrawn

THE KIRLOSKAR petrol engine concession has been withdrawn, by mutual agreement, from Impex Engineers, of Brighton, and has reverted to P.M. Engines, of 35, Piccadilly, London. P.M. Engines have been responsible for the Kirloskar engine diesel range for the past eight or nine years.

P.M. Engines is now responsible for the sales service and spares of these engines. Mr. A. H. Rushton will continue as general manager of P.M. Engines, petrol engine division, and Mr. Peter Roberts will continue as technical manager.

BANK RETURN

—	Wednesday Mar. 1 1978	Inc. (+) or Dec. (—) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	34,765,463	+ 683,584
Special Deposits	1,229,300,000	—
Bankers	340,550,049	— 43,812,108
Reserves & Other A/cs	637,675,026	— 39,983,964
	2,246,873,538	— 83,024,488
ASSETS		
Govt. Securities	1,816,841,027	— 164,530,031
Advances & Other A/cs	229,865,796	+ 49,343,550
Premises, Equip't & other Secs	173,603,232	+ 13,886,529
Notes	26,388,184	+ 12,076,444
Coin	175,299	— 810
	2,246,873,538	— 83,024,488
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	7,775,000,000	+ 75,000,000
In Circulation	7,784,611,816	+ 66,923,556
In Bank'g Dept	26,388,184	+ 12,076,444
ASSETS		
Govt. Debt	11,015,100	—
Other Govt. Secs.	6,796,330,450	+ 189,142,546
Other Securities	967,654,450	— 114,142,546
	7,775,000,000	+ 75,000,000

OIL AND GAS NEWS

Exxon's $53m. Bra[zil] exploration deal

AMERICA'S Exxon Corporation has signed four exploration risk service contracts with Petrobas, the Brazilian Government oil company, for a minimum investment of $U.S.53m. (£27m.).

Drilling will begin during the next 12 months. The four blocks, with a total area of 4,624 square miles, are large in continental shelf waters under 600 feet.

The first well will be drilled off the coast of Brazil in late April in block VI, south of Rio de Janeiro. An additional $16m. has been committed for the exploration of that block.

NEWFOUNDLAND: ACTIVITY AGAIN

More drilling is planned off Newfoundland after a year's hiatus because of a federal-provincial dispute over ownership of any oil and gas reserves found.

Shell Canada—which has all but given up hope of finding commercial gas on its holding on the Nova Scotia shelf to the south—and Texaco Canada have been granted nine offshore oil and gas exploration permits by the Newfoundland Government covering a 5.5m. acre area 270 kilometres north-east of St. Johns.

The first of six exploratory wells is to be put down in 1979 in 5,000 feet of water, believed to be a world record depth.

Companies have to drill all six wells to retain their permits for seven years plus two three-year extension options. The permits are the first granted under Newfoundland's new offshore regulations proclaimed last year.

The Total Eastcan group was drilling for two seasons off the Labrador coast until 1976 and then stopped because of the federal-provincial dispute. The dispute goes to the supreme court of Canada later this year.

* * *

Dansk Undergrunds consortium has planned to establish oil production from the N(Vern) ture under the name of Field in the North Sea.

The yearly production [illegible] mated at 1½ to 2m. in the [illegible] years and the investment [illegible] mated at 1.25bn Danish [illegible] (£112m.). It is also estimat[ed] production could start [illegible] 1980-1981.

* * *

The Argentine state Yacimientos Petroliferos [Fiscales] (YPF), has confirmed the [discove]ry of a new oil well in Divisadero, Mendoza Pr[ovince] which produces an aver[age] 13 cubic metres an hour [illegible] bbls. an hour). YPF not[es] this is one of the more im[portant] recent discoveries in ter[ms of] economic value.

* * *

A group of French, Ja[panese] and American oil compan[ies has] begun drilling on an 8,400 kilometre permit in [illegible] Operations on the first w[ell] ER-1A which began late in [Janu]ary, is located about 80 kil[ometres] north of Amman, and so[uth of] the Syrian border. The grou[p com]prises Cie. Franchise des P[étroles], Fuyo Petroleum Developm[ent of] Japan, with a 37.5 per cen[t] each, and Filon Exploratio[n of the] U.S. with 25 per cent.

* * *

Chevron Standard and [illegible] Canada are to jointly drill [a] well offshore Nova Scotia, [illegible] a 30 per cent. interest in [illegible] 1m. acres in the region fro[m] Canada and Shell Explorer. The well, to be called [illegible] will be drilled in about 2,[illegible] of water about 135 miles southeast of Halifax.

* * *

Chevron Standard ha[s dis]covered more oil in the Pembina area of Albert[a, near] Cynthia. On February 1 [it] said one of its six discover[ies] in the same area had pr[oduced] more than 100,000 barrels between October 19 and [Janu]ary 16. Pacific Petroleum has a producing well in the area.

RESULTS AND ACCOUNTS IN BRIEF

ASHDOWN INVESTMENT TRUST—Results for year to November 30, 1977, already known. Investments total £20.51m. (£16.54m.) and net current assets £0.33m. (£1.68m.). Net liquid funds decreased by £1.02m. (£0.88m. increase). Meeting, 120 Cheapside, EC, on March 21 at 2.30p.m.

W. CANNING (electrical and mechanical engineers)—Results for 1977 reported February 15, with chairman's observations on prospects. Group fixed assets £4.79m. [illegible] Net current assets [illegible] £9.31m. [illegible] Meeting, Birmingham, on March 23, at 3 p.m.

CARDINAL INVESTMENT TRUST—Results for 1977 already known. Total investments [illegible] current assets [illegible] decreased [illegible] Meeting [illegible] E.C., March 22 at noon.

DEUNDI HOLDINGS—Interim report for half-year to December 31, 1977, shows tea crop [illegible] sales to January 31 [illegible] at Take [illegible] [illegible] by Nigerian [illegible] about 30 per cent [illegible] be sold [illegible]

absorb increased costs and lower. Full year pre-tax profit should be below last year's.

GENERAL CONSOLIDATED INVESTMENT TRUST—Results for 1977 known. Investments £28.3m. [illegible] Current assets £0.58m. (£1.2m.). [illegible] £0.8m. (£0.57m.). Meeting, 3, [illegible] Place, S.W., on March 29, at 3.45

LANCASHIRE AND LONDON INVESTMENT TRUST — Net revenue £76,091 (£37,061), after tax [illegible] Dividend 1.9p [illegible] Meeting, 3, [illegible] Place, S.W., on March 29 [illegible]

NEW THROGMORTON TRUST [illegible]

NIGERIAN ELECTRICITY SUPPLY CORPORATION—Second interim dividend [illegible] [illegible] Promotion Decree 1977

هكذا من الأصل

CONTRACTS AND TENDERS

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APPOINTMENTS

INTERNATIONAL APPOINTMENTS

LEGAL NOTICES

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matters of No. 00486 of 1978 BARLABOURNE LIMITED, No. 00487 of 1978 EXPRESS STAFF AGENCY LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that Petitions for the Winding-Up of the above named Companies by the High Court of Justice were, on the 16th day of February 1978, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41 Mark Lane, London EC3R 7HE ...

G. F. GLOAK,
King's Beam House,
39-41 Mark Lane,
London EC3R 7HE.
Solicitor for the Petitioners.

NOTE.—Any person who intends to appear on the hearing of any of the said Petitions must serve on, or send by post to the above-named, notice in writing of his intention so to do. ...

No. 00586 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of TRAN & CO. LIMITED and in the Matter of the Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding-up of the above named Company by the High Court of Justice was, on the 21st day of February, 1978, presented to the said Court by the COMMISSIONERS OF CUSTOMS AND EXCISE ...

G. F. GLOAK,
King's Beam House,
39-41 Mark Lane,
London, EC3R 7HE.
Solicitor to the Petitioners.

CLUBS

PUBLIC NOTICES

BANQUE DE CREDIT INTERNATIONAL, GENEVE, EN LIQUIDATION CONCORDATAIRE

Conformément à l'Article 43 de l'Ordonnance du Tribunal Fédéral du 11 avril 1935 concernant la procédure de concordat pour les Banques et les Caisses d'Épargne, les liquidateurs ont dressé un état du patrimoine réalisé et non encore réalisé au 31 décembre 1977 et un rapport sur leurs activités jusqu'à cette date et les ont transmis à la Commission des créanciers ...

Les liquidateurs:
DELOITTE, HASKINS & SELLS S.A.
Robert Penseur
PIERRE ENGEL
CHARLES WINTSCH

Le 24 février 1978.

The following is a "free" translation of the above official notice:

INTERNATIONAL CREDIT BANK GENEVA, IN LIQUIDATION UNDER SCHEME OF ARRANGEMENT

...

DELOITTE, HASKINS & SELLS S.A.
Robert Penseur
PIERRE ENGEL
CHARLES WINTSCH

24th February, 1978.

COMPANY NOTICES

THE CONVERTIBLE BOND FUND N.V. ...

IMPERIAL GROUP LIMITED ...

THE GRESHAM STREET DOLLAR FUND N.V. ...

AMALGAMATED TIN MINES OF NIGERIA (HOLDINGS) LIMITED ... INTERIM DIVIDEND ...

INTERNATIONAL PACIFIC SECURITIES COMPANY LIMITED ... ANNOUNCEMENT ...

INTERNATIONAL FINANCIAL AND COMPANY NEWS

AMERICAN NEWS

United Technologies bids for Ambac Industries

BY STEWART FLEMING

NEW YORK, March 2.

THWARTED last year in a $500m. bid battle for control of energy engineers Babcock and Wilcox, the U.S. conglomerate United Technologies returned to the merger market to-day with an agreed $210m. offer for Ambac Industries.

Ambac, which had sales in 1977 of $234m. (compared with $5.5bn.) is also a technologically-orientated company and one of the leading manufacturers in the world of diesel fuel injection systems. It also manufactures fractional horsepower DC motors for the automotive industry, nuclear scintillation instruments for use in clinical analysis, gas detection instruments and electronic systems for navigation

Ambac has close relationships with Ford Motor and is working with Ford on the development of a gasoline fuel injection system. Its navigation system for automatically keeping jetliners on a selected flight plan is used extensively in the Lockeed L1011.

United Technologies is offering $50 a share in liquidation value of a new series of preferred stock for each Ambac share with a cash alternative of $48 a share for up to 49 per cent. of the total Ambac common outstanding

Over the past four years, Ambac's earnings have been growing rapidly. In the 1974, financial year, the company earned $2.02 a share and in the 1977 financial year $3.95 a share.

Bethlehem Steel refund hint

PITTSBURGH, March 2.

BETHLEHEM STEEL Corporation, stunned by heavy losses in 1977. has reportedly received a $134m. cash refund fro mth eU.S. Treasury Department as part of a recovery formula.

Under the plan, the steelmaker stands to gain an estimated $300m. in total tax benefits against future income taxes, the Pittsburgh Post Gazette reported in Thursday's edition.

The paper said it was told by Treasury Department sources that the company may not be liable for federal income taxes for up to nine years, depending on business improvements.

Bethlehem was forced to lay off thousands of employees at its Johnstown, Pennsylvania. and Lackamanna, New York, plants last year after weather conditions and low-cost imports combined to hurt sales.

The company, second in size to U.S. Steel Corporation in the domestic industry, reported total losses of $440m. for the year.

The Post-Gazette said the sources revealed that the company maximised its 1977 losses in an attempt to recover a refund against its profitable year in 1974. Taxes in 1975 and 1976 were negligible, the sources are quoted as saying.

Additionally. the sources reportedly said the carry-forward provision of the 1977 tax losses may damage efforts to increase employment at the Johnstown and Lackawanna Mills for the next five years.

According to Bethlehem Steel's 1977 statement to stockholders, most of the proposed adjustments relate only to the timing of deductions and would result in offsetting reductions in other years.

The Post-Gazette said the Internal Revenue Service (IRS) would not comment on the case, but it noted that the Federal Agency indicated that Bethlehem's statement made no reference to contingency funds being set aside for possible future payment.

The newspaper said it was told by the IRS that such payments would be required if a large cash sum was involved.

AP-DJ

Singer Co. forecasts flat first quarter

NEW YORK, March 1.

SINGER Company's first quarter operating income will be about level with last year's corresponding quarter's results due to a significant decline expected in the performance of sewing products. In the 1977 first quarter, the company reported net income of $18.8m. or 97 cents a share fully diluted and $1.81 primary on sales of $557.1m.

Mr. Joseph B. Flavin, chairman of the group, also said Singer's 1978 income growth is not expected to match 1977 levels of 27 per cent. net and 15 per cent. operating income, but added that he does anticipate respectable growth in both categories this year.

Singer's 1977 net from continuing operations was $74.5m. or $3.98 a share.

Mr. Flavin stated that the decline in first quarter sewing results was attributable to changing market conditions in mature U.S. and European markets, to severe weather conditions in the U.S., and to political uncertainties in France and Italy.

However, second quarter 1978 results in consumer sewing are expected to show improvement compared with the first quarter, while the sewing products area in the first half will show improvement on a year to year basis.

Agencies

Alcan-Revere deal off

ALCAN ALUMINIUM, through its main U.S. subsidiary Alcan Aluminium Corporation, said it is terminating its agreement with Revere Copper and Brass Inc. of the U.S. for the acquisition of Revere's Scottsboro aluminium smelter nad rolling mill in Alabama. The agreement hit a snag in December when the U.S. Justice Department challenged the acquisition on anti-trust grounds.

Attempts at a settlement that would have allowed the acquisition to proceed had been encouraged by the Federal District Court in New York, Alcan said, but the Justice Department had rejected all proposals offered by Alcan and Revere, while it offered none of its own.

Humana bid valued

Investment bankers have placed a value of $26.375 a share on the tender offer made earlier this year by Humana Inc. for the outstanding stock of American Medicorp Inc., AP-DJ reports from Louisville.

Under a tender offer that expired in mid-January, Humana acquired about 5.7m. of American Medicorp's shares out of about 9,380,000 outstanding. Humana exchanged $15 in cash and 0.5 shares of a new issue of $2.50 preferred for each share of Medicorp.

At that time, Humana said any shares not purchased as a result of the tender offer would be acquired by Humana for about the same consideration as those tendered.

Qualification for Gulf

Gulf Oil Corporation has been informed by Price Waterhouse and Co. that their opinion on the company's financial statements for 1977 and 1976 will contain a reservation "to the effect that the opinion is subject to the outcome of uncertainties surrounding litigation on uranium matters." AP-DJ reports from Pittsburgh.

Jerry McAfee, Gulf Oil's chairman, said: "We are convinced that our position in regard to this litigation is sound and that the outcome will not result in a material loss to the company. Therefore Gulf strongly believes that the reservation in the Price Waterhouse opinion is unreasonable and unnecessary.

Royal Bank of Canada increase

By Robert Gibbens

MONTREAL, March 1.

ROYAL Bank of Canada first quarter earnings were $C51.7m. against $C44.5m. a year earlier, up 16 per cent. Total revenues were $C760m. against $C674m., and assets at January 31 were $C35bn. against $C30bn., up 17 per cent.

Total loans rose 18 per cent. to $C22.3bn. and deposits 16 per cent. to $C32bn. Foreign currency deposits in Canadian dollars rose 23 per cent. against growth in Canadian dollar deposits of 13 per cent.

The increase in earnings was mainly due to rapid growth of assets. Returns declined marginally from 60 cents on each $C100 of assets a year earlier, to 59 cents in the latest quarter.

Net interest revenue kept pace with asset growth, rising 17 per cent.

Ericsson do Brasil doubles profits

By Diana Smith

RIO DE JANEIRO, March 2.

Ericsson do Brasil Comercio e Industria SA, the Swedish-based electrical company, doubled profits in 1977 to Cr.412m. ($29.4m.). Heavy debts, high costs and expenditure of previous years were corrected drastically in 1977. Capital raised through subscription pumped a further Cr.588m. ($39.2m.) into the company while financial outlay was reduced from Cr.904m. in 1976 to Cr.694m.

Coca-Cola income up

Coca-Cola Company 1977 net income rose from $290.7m. to $326.2m., and the company said that it anticipates another strong year in 1978, Agencies report from New York.

The quarterly dividend is stepped up from 38½ cents to 43½ cents, and the company said it expects the rising trend to continue.

Earnings per share for the full year were ahead from $2.38 to $2.67. Sales increased from $3.09bn. to $3.56bn.

Allied Artists wins

British actors Sean Connery and Michael Caine to-day lost a bid to tie up the revenues from the film "The Man Who Would Be King" until a court case next month, Reuter reports from New York. The pair allege they were denied their rightful profits from the picture.

In dismissing their claim for an injunction against Allied Artists Pictures Corporation, U.S. District Court Judge Lawrence Pierce said the actors were not entitled to "such extraordinary relief."

Citizens and Southern

The Comptroller of the Currency is to end the suspension of trading in the secruities of Citizens of Southern National Bank with effect from to-morrow. The Comptroller had ordered the suspension on February 27 pending the release of information by the Bank.

The Bank announced on Monday that its top officer had resigned and that it may restate 1977 earnings to show a loss.

AMERICAN QUARTERLIES

CANADIAN IMP. BK. of COMM.

First Quarter	1978 $	1977 $
Revenue	675.9m.	599.9m.
Balance	42.42m.	33.82m.
Net per share	1.22	0.97

CNA FINANCIAL

Fourth Quarter	1977 $	1976 $
Revenue	576.7m.	514.6m.
Net profits	30.73m.	13.55m.
Net per share	0.77	0.24
Year		
Revenue	2.35bn.	1.99bn.
Net profits	79.01m.	41.64m.
Net per share	1.79	0.70

WHITE CONSOLIDATED

Fourth Quarter	1977 $	1976 $
Revenue	340.0m.	279.0m.
Net profits	16.0m.	13.7m.
Net per share	1.28	1.10
Year		
Revenue	1.4bn.	1.2bn.
Net profits	53.8m.	51.2m.
Net per share	4.28	4.08

GERMAN COMPANIES

Overheads limit Daimler-Benz ris

BY GUY HAWTIN

FRANKFURT, March

DAIMLER-BENZ, the West German car and commercial vehicle builder, has reported a year of stable profits: as a result of a well-above-average increase in sales of its highly successful motor cars, profit development in 1977 was positive, to-day's report said.

Although the preliminary report on last year gives no profit figure, it states that personnel and raw materials costs rose by DM800m. — well above 1976's increase of DM500m. It had been possible only partially to offset the rise through increased prices, said the company.

Surprisingly, perhaps, for a concern whose customers are prepared to wait up to two and a-half years for motor cars, Daimler-Benz seems not entirely happy about the motor industry's prospects over the next few years. However, in the car-making sector at least, things look bright, with the inflow of orders from home and abroad strong across its entire range. Despite increased output, says the report, production is still well below the group's delivery capabilities.

However, in the commercial vehicle sector, things are by no means as good. Daimler-Benz, like many other West German commercial vehicle manufacturers, saw domestic output fall last year — it declined by 3.1 per cent. to 187,300 units — and there seems to be little prospect of a full recovery this year.

The report, which points out that 1976's production figures were particularly high, states that the pronounced weakening of demand in important export markets in the last few months of 1977 was only partly offset by an improvement in home demand. Last year's decline particularly affected trucks in the six tonne range and upwards, and current plans allow for a further decline in output of medium and heavy vehicles.

But on the plus side, the concern's new range of transport vehicles in the up to four tonnes class has been doing very well. Orders for these vehicles were well above expectation last year, and a considerable increase in output is planned for 1978.

Daimler-Benz's report, however, goes on to say that further predictions as to the development of the West German car industry are impossible. The industry, it says, is heavily dependent on exports, and the current economic climate is one of uncertainty.

The group is clearly concerned about West Germany's ability to maintain its international competitiveness at a time when both costs and the value of the Deutsche Mark are moving upwards: it is also very worried about the effects of new U.S. legislation on fuel consumption, exhaust emission and noise levels. This could steer the motor industry in a completely new direction in the technical field, and give it new and difficult tasks.

Last year, group turnover for the first time passed the DM25bn. mark. It went up to DM25.5bn. ($12.7bn.) after 1976s DM23.5bn., and with it Daimler-Benz's turnover has now risen fourfold in ten years.

Sales of the group's West German-based operations—Daimler-Benz AG and Hanomag-Heschel—rose by 9.2 per cent. to DM21.1bn.—almost exclusively as a result of increased car sales. Turnover in the car sector rose by 17 per cent. to DM11bn., and accounted for about 52 per cent. of the domestic group's total sales. Last year, cars accounted for 48.4 per cent. of the domestic operation's turnover.

Turnover in the commercial vehicle sector remained virtually unchanged at DM9.4bn.—it was DM9.3bn. in 1976. At the same time, sundry turnover, stemming primarily from industrial engines and repairs, went up from DM600m. to DM700m.

Production for the first time exceeded 400,000 units in the car sector. After an increase of about 20,000 units in 1976, it rose by a further 31,000 units to 401,200 —an increase of 8.3 per cent., which was well above the industry's average 1977 growth rate of 6.9 per cent. Since 1971, the concern's car output has risen by 41 per cent.

Krupp steel in deficit

By Jonathan Carr

BONN, March 2.

IN COMMON with many of its European competitors, Fried. Krupp Huettenwerke (FKH)—the steel-making arm of the Krupp concern—had another loss-making year in 1977, and sees no sign of an early improvement in demand.

In an interim report the company notes that the decisions of the EEC Commission in Brussels could bring an improvement for the steel market within the Nine. But against that must be set the enfeebled condition of the international steel market as a whole.

As for the West German domestic scene, FKH notes low use of capacity in many sectors, thin order books and a rise in the Deutsche Mark which, it says, will make it more difficult for German exports to remain competitive. All this will clearly feed back to the steel industry.

The company does not yet specify its losses, noting only that there has been a worsening of the earnings position. In 1976 it registered an operating loss of DM98m. There has been no dividend paid since 1974.

Total turnover fell by 5 per cent. against the year before to DM4.5bn. ($2.2bn.) and crude steel production dropped by 6.3 per cent. to 4.8m. tonnes. Almost all production plants were operating to smaller capacity than in the previous year.

No dividend at Preussag

By Adrian Dicks

BONN, March 2.

PREUSSAG, the West German base metals, energy and construction group, confirmed to-day that it had suffered losses in 1977, and warned shareholders that it would not be able to pay a dividend for the year.

In a preliminary report on the year, which also included results for the last quarter of 1977, Preussag made it clear that the continued weakness of the zinc market was the most important single cause of its difficulties. The company is both a miner and smelter of the metal, and has recently warned that it fears a further softening of the producer price from the current $600 per tonne, meaning a further accumulation of metal stocks and possibly short-time working.

Relatively firm market conditions for lead, the D-mark price of which rose by 10 per cent. during the fourth quarter, to DM1,435 a tonne on average, were not good enough to outweigh losses on zinc. The year's turnover for Preussag's metals division, accounting for about one-third of group sales, was down by 4.5 per cent. to DM803m. In addition to the fundamental weakness of the market for zinc and for other metals including cadmium and copper, Preussag suffered from the dollar's decline against the D-mark.

There was little change during the year in the fortunes of the company's leasing business for rail and river tankers and tank farms. However, it reported a profitable year in oil and chemical interests, a modest increase in sales to DM412m. for the year.

Preussag's coal sales, like those of other West German mining companies, declined last year. A more cheerful note was struck by its building activities which showed a rise in orders and activity during the second half of the year—though the board reported that profits in this area remained unsatisfactory.

As a result mainly of the difficulties of the metals division, group sales were down from DM2.67bn. to DM2. ($1.3bn.). The group did not indicate the final size of its expected loss for 1977, but suggest that it would be covered by the inclusion of non-operating items These are to include for the first time dividends from Preussag's per cent. holding in Patino N.V., the Dutch-based mining house, in which the German group is trying to negotiate majority control in order to broaden the range of its metal interests.

Kloeckner loss of DM95.8m

By Our Own Correspondent

FRANKFURT, March

KLOECKNER-WERKE share-holders were to-day informed that the group's 1976-77 loss amounted to DM95.8m. While this is scarcely encouraging news, at least the business year's losses had not exceeded the DM100m.-mark as some economists were forecasting.

For 1975-76, the concern, Germany's third largest steel producer, reported a loss of DM95m. Last year, as in 1975-76, Kloeckner-Werke's losses were attributable to the depressed steel sector. To-day's report states that 1976-77's results will be "distinctly more negative" in the steel sector than the previous year's losses of DM135m.

Profits from the processing sector have not reached 1975's "healthy" DM40m. However last year's losses have been partly offset by increased depreciation and utilisation of reserves. Also there was a boost from a very successful year's performance in mechanical engineering and steel fabrication.

EUROBONDS

Sterling discounts

By Francis Ghilès

DURING THE first day of dealings, the two new sterling issues had a rather rough time. The Allied Breweries bond which had been priced at 99½ went to a discount which was larger than the 1½ per cent. selling group commission. It closed at 97½-¾. The FFI issue which had been priced at par closed at 98½-¾.

Among the reasons which explain such a weak performance, dealers were quoting the announcement of the £20m. bond for Citicorp which tended to distract demand for the other two offerings, a firmer dollar yesterday and the sharp fall in share prices on the London Stock Exchange. Prices in the sterling sector were off by ½ to ¼ in sympathy.

The dollar sector was steady again, with prices somewhat up. The Floating Rate Note (FRN) market was more buoyant than the fixed rate dollar sector. Demand for the Sumitomo Heavy Industries FRN was so strong that it was increased by $5m. to $25m., and the minimum coupon rate was cut by a full half point to 5¼ per cent., thus bringing it in line with the coupon payable by Japanese banks on FRNs.

The $100m. notes for European Investment Bank, carrying a coupon of 8⅝ per cent. were priced at 99.61 to yield 8.70 per cent. by lead manager Merrill Lynch, while the $100m. bond for the same borrower, carrying a coupon of 9¼ per cent. were priced at 99.55 to yield 9.30 per cent. Both these bonds and notes, in contrast to most Yankee issues, will only be offered in the U.S.

The D-mark sector was quiet again yesterday with investors more interested in new paper than old. Fears remain about the authorities bringing in further controls this week-end, although most bankers continue to discount such a development.

Brazil's largest iron ore company Companhia Vale Do Rio Doce will float a Sw.Frs.50m. bond later this month through a group of banks led by Swiss Bank Corporation. Terms are not yet known.

Svenska Varv

By Ray Dafter

SVENSKA VARV, one of Europe's largest shipbuilders, is establishing a new company called Ocean Terminals to supply oil field operators with a new offshore storage and transportation system.

The system is based on a converted oil tanker moored in a special way next to a field's production facilities. Tank testing has been completed at the Swedish Ship Research Institute, Gothenburg, for the system which allows a 250,000 dead-weight tons tanker to be permanently moored n North Sea conditions.

Wobacco Investments of London, which has assisted in the development of the mooring system and the formation of the joint venture, said that floating storage would eliminate further extension of shore tank farm terminals, such as Sullom Voe, Shetland Islands.

Rights issue at UBS

BY JOHN WICKS

ZURICH, March 2.

"VERY SATISFACTORY earnings" were attained by Union Bank of Switzerland last year, net profits rising by Sw.Frs.33m. to Sw.Frs.267m. The dividend is unchanged at 20 per cent.

Shareholders will also be asked to approve an increase in share capital from Sw.Frs.1.05bn. to Sw.Frs.1.1bn. With the UBS balance sheet total rising by nearly 7 per cent. to Sw.Frs.56.12bn., the increase is needed to maintain the statutory ratio between equity and liabilities.

The capital increase will be effected by a one-for-20 rights issue of 82,570 Bearer shares of Sw.Frs.500 nominal value and 87,150 Registered shares of Sr.Frs.100 nominal value. The two categories of share will be priced at Sw.Frs.1,250 and Sw.Frs.250, respectively.

Interest earnings, including income from bills and money market paper, rose by Sw.Frs.67m. to Sw.Frs.604m. last year despite lower margins—though the situation in this sector "deteriorated noticeably" in the final quarter. Commission income increased by Sw.Frs.39m. to Sw.Frs.529m., due primarily to a larger volume of letter-of-credit business.

In the balance-sheet foreign assets accounted for 54 per cent. of the total, managing director Dr. Robert Holzach said in Zurich to-day, and some 40 per cent. of all assets were held in foreign currencies. These ratios had remained about the same for the past three years. The respective ratios of total liabilities had fallen slightly to 44 and 36 per cent.

Total lendings rose 12 per cent. to Sw.Frs.23.49bn., mortgage loans accounting for some Sw.Frs.1bn. of the growth, while the sum due from banks went up 9 per cent. to Sw.Frs.21.5bn. On the liability side, total deposits were higher by 8 per cent. at Sw.Frs.32bn., the amount due to banks falling by 2 per cent. to Sw.Frs.16.8bn.

With regard to the recent Swiss measures restricting the sales of securities to non-residents, managing director Dr. Nikolaus Senn said this was likely to lead to a deceleration but not to a change of direction in the trend of capital-market interest rates in Switzerland, given existing liquidity levels.

He said it was possible that the future quota system, by which non-residents can participate in the purchase of foreign borrowers' Swiss-franc bonds or private-placement notes, might foresee varying quotas according to the nature of the individual issue.

Kockum's aid decision postponed

By John Walker

STOCKHOLM, March

THE GOVERNMENT have postponed the decision on the form of aid to give to Kockums of Malmo, the only major Swedish shipyard still in private ownership, following the company's request to lower the loan guarantees on the third LNG tanker being built on the yard's own account. Kockums have received an order for two ro/ro ships which will help to maintain employment at the yard.

Kockums is in a difficult position due to its low level of liquidity. In the meantime, the Government are planning to put before Parliament new proposals covering the shipbuilding industry which they expect to lay before Parliament in April. It is understood this will include assistance to ease Kockums' liquidity position.

Last year the Government granted guarantees to Kockums amounting to Kr.600m. so that the yard could build a second LNG tanker on its own account. In return the company agreed to participate in the analysis of the future of the Swedish shipyards which was carried out by a Government-appointed committee. The size and form of aid will be announced in April.

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

[TO]KYO BOND MARKET

Relaxation of yen issue rules likely

BY DOUGLAS RAMSEY AND YOKO SHIBATA IN TOKYO

[FORE]IGN institutions may be allowed to underwrite [yen-denominated] place[ment]s on the Tokyo bond market according to sources at the [Minis]try of Finance (MoF). The [relax]ation of rules, which [effect]ively limit foreign participation to the two American [secur]ities companies already [estab]lished in Japan, may be in [force] before April when yen-[deno]minated issues are expected [to r]each an all-time monthly [level] of Y.100bn. (about $415m.).

[It] has also been learned that [the] World Bank is planning a [larg]e yen issue in June of [aroun]d Y100bn.

[Fo]reign securities companies [will] probably be limited to selling [issue]s to non-resident investors, [but] it remains to be seen whether [the] MoF will simultaneously [lift] its informal ceiling on the [amou]nt of a yen-denominated [issue] which can be placed with overseas investors (own roughly 15 to 20 per cent.).

Foreign underwriters have been itching to join in the yen bond boom as underwriters, not least in return for liberal access which Japanese underwriters enjoy overseas. The yen-denominated bond market, moreover, is one of the fastest growing in the world. For this year the target is Y1,000bn. ($4.2bn.), perhaps a fifth of all international bonds likely to be issued worldwide.

The latest issue, for the French Railways (SNCF) marks one of the first public issues on the Tokyo market which do not carry a government guarantee, and this seems to confirm that the MOF is now ready to open the door to non-government bodies (although no strictly private multinational corporation has yet applied to borrow in Tokyo).

Some foreign issuers, of course, have been dissuaded from issuing just now because there is a widespread belief that the Bank of Japan will be forced to cut its official discount rate from 4.25 per cent. to 3.5 per cent. or so shortly. The Asian Development Bank, in particular, decided this week not to raise the Y20bn. originally planned for March until market conditions improve.

Between now and June, the roster of borrowers looks like this:

- March: apart from SNCF's Y20bn. placement, the Philippines will raise Y15bn. this month.
- April: Malaysia will raise Y15bn., Sweden Y30bn., Norway between Y20bn. and Y25bn., Spanish National Railways (R7NFE) Y15bn., and the Government of Argentina Y15bn.
- May: the European Rail and Rolling Stock Corporation based in Switzerland, Eurofima, will raise Y10bn., Brazilian Development Bank Y15bn. to Y20bn., Venezuela at least Y40bn., and the Province of Quebec Y25bn.

In the meantime, the market in private yen placements will be extremely active in March after a lull in February when none were recorded. The roster includes the Republic of Panama (Y10bn. for 10 years), the Industrial and Mining Development Bank of Iran (Y10bn. for 10 years), and Brazil's State company, Electrobras (Y10bn. for 12 years).

There have been rumours since December that Italy's ENI will also raise funds in Tokyo, via either a public or a private placement, but sources say that the issue has been stalled by ENI's inability to get final approval from the Italian Government.

[J]apan Line seeks new repayment [d]ates for further $84m. debts

[B]Y CHARLES SMITH

[JAP]AN LINE, which asked its [Jap]anese bankers last December [to] reschedule some Y11bn. [($46]m.) worth of debt due for [rep]ayment in fiscal year 1978, [now] seems likely to have to seek [res]cheduling of almost another [Y20]bn. ($84m.) worth of debts [fall]ing the same year.

[T]he main reason for the in[crea]se is that it has been found [nec]essary to include dollar loans [ext]ended to Japan Line for the [fina]ncing of ships ordered under [the] Shikumisen system by over[sea]s subsidiaries and associates [in] addition to yen loans extended [for] the construction of ships [bel]onging to the company's [Jap]anese flag fleet.

[J]apan Line's total dollar-[den]ominated debt for ship con[stru]ction is estimated at around [$30]0m., but the bulk of this is [due] for repayment after fiscal [197]8. The rescheduling of dollar [loa]ns due for repayment in 1978 [wil]l add about Y16bn. to the [bur]den already being carried by [Jap]anese banks as a result of [Jap]an Line's financial difficulties. [An]other Y3bn. worth of debts [inc]urred in order to raise [op]erating funds is also likely to [hav]e to be rescheduled.

This brings the total amount to be rescheduled in fiscal 1978 to about Y30bn. None of the debts to be rescheduled is owed to foreign banks. These are owed about $50m. out of the total dollar-denominated debt incurred by Japan Line of $300m., but debts to foreign banks will continue to be repayed on schedule.

Japan's biggest overseas creditor among Japanese commercial banks is the Industrial Bank of Japan, with the foreign exchange specialist Bank of Tokyo apparently a close runner-up. An important difference between the distribution of Japan Line's dollar-denominated debt and its yen-denominated debt is that no dollar loans have been extended by the Government owned Japan Development Bank.

JDB is the main source of Japan Line's yen-denominated borrowings by virtue of its position as the principle fund source of the Government-sponsored shipping development programme in which Japan Line has been a participant. Its absence from the list of dollar creditors means that the burden born by the commercial banks in the foreign sector is far greater than in the domestic sector.

Industrial Bank of Japan said to-day that in order to co-operate fully with Japan Line's request for rescheduling the commercial banks would find it necessary to "seek the understanding" of the Bank of Japan on the flexible application of certain controls—for example, those relating to maximum exposure. Regulations on maximum exposure, which are in the process of being implemented in Japan, restrict the permitted amount of lending to a single client as a ratio of the capital of the bank concerned.

News of Japan Line's increased rescheduling needs coincides with the extension of a Y4bn. loan to a deficit-ridden shipbuilding company, Sasebo Heavy Industries, by a consortium of banks. The loan is intended to finance Sasebo's rationalisation plan which calls, among other things, for the repayment of retirement of allowances to 1,000 employees who are being invited to retire voluntarily.

It was also announced to-day that debts left by companies which went bankrupt in February set a historical record by exceeding Y400bn. The figure includes Eidai which failed last week with debts of around Y180bn.

Sharp setback for Mitsubishi Petrochemical

By Yoko Shibata

[MI]TSUBISHI Petrochemical In[du]stry, a major manufacturer of [eth]ylene products, suffered a [fu]rther setback in 1977. The [co]mpany's current profits went [do]wn sharply, by 70 per cent. to [Y6]66m. ($2.8m.), falling far [sh]ort of the original target of [Y2].5bn. Net profits were Y825m. [($]3.5m.), down 61.3 per cent., on [sa]les of Y268.08bn. ($1.1bn.), [ag]ains Y267bn. in 1976. However, the company paid a divi[de]nd of Y4.00.

[The] profit cuts were blamed [on] sagging prices of aromatic [co]mpounds and synthetic resins [due] to stagnant demand. Par[ticu]larly, business performance [in] the latter half of the year [decl]ined sharply.

[T]he company's exports [(ac]counting for 11 per cent. of [its] total sales) were operating [be]low break-even point as a [res]ult of a sharp decline in [vol]ume and prices.

[I]n order to improve its finan[cial] situation, the company has [froz]en the expansion programme [at] its Kashima complex. The [com]pany is also a major partici[pan]t in Saudi Arabia's petro[che]mical project.

[J]apanese petrochemical com[pan]ies had been suffering [nap]htha prices fixed at a high [lev]el by the Government [(Y2]9,000 per ton against Y20,000 [in] other countries). However, [the] recent decline of the naphtha [pric]e by Y3,000 per ton is ex[pec]ted to cut the cost down by [Y18]bn. to Y15bn.

Sound progress recorded by Guardian Assurance

BY OUR OWN CORRESPONDENT

JOHANNESBURG, March 2.

RESULTS from Guardian Assurance Holdings (South Africa) and its 77 per cent. owned subsidiary, Liberty Life, show solid advances in profits for the year ended December 31. Liberty Life, which accounts for the bulk of Guardian's profits, produced a total consolidated surplus for the year up from R12.5m. to R15.7m. This, however, owes a lot to the consolidation of Liberty's 55 per cent. stake in First Union and General Investment trust (FUGIT) since July 1. FUGIT apparently contributed just over R2m. to the latest Liberty improvement at the pre-tax level.

After allowing for other factors, such as reduced preference share dividends, which followed the conversion of 10m. convertible preference shares into 1m. ordinary shares, raising the issued ordinary capital to 10.9m., earnings per share rose from 86 cents to 100 cents. A weighted average of 10.4m. ordinary shares has been used for Liberty's earnings per share calculation. The total dividend was raised from 64 cents to 74 cents.

The summarised Liberty balance sheet shows gross assets up from R479m. to R622m., again reflecting the inclusion of FUGIT, which adds another R64m. of assets and creates an attribution to outside shareholders amounting to R28m. in the Liberty's account. Of total investments up from R449m., to R582m., the biggest rises are in semi-gilts and gilts, from R137m. to R187m., and in listed shares and unit trust units, from R38m. to R94m. Against the previous net current assets of R10m., there are now net current liabilities of R12m.

The figures for Guardian Assurance, which is controlled by Guardian Royal Exchange, reflect its holding in Liberty Life, but also show a sharp improvement in its short-term business, pre-tax profit from which rose from R1.5m. to R3.1m. Guardian's earnings were up from 15 cents to 19 cents and the total dividend from 10.80 cents to 12.8 cents, putting the shares, at 160 cents, on a yield of 8 per cent.

Expansion at Arab bank

By Rami G. Khouri

AMMAN, March 2.

THE LARGEST commercial bank in the Arab world, the Amman-based Arab Bank, has reported a net profit for last year of $38m., on gross earnings of $200m., representing a gross earnings increase of 22 per cent.

The bank distributed $7.7m. in profit for last year, through a 22 per cent. dividend on share par value, compared to $3.5m. distributed in 1976.

The shareholders' equity has been increased 33 per cent. to a total of $126m.

Trust Bank of Africa lifts profits

By Richard Rolfe

JOHANNESBURG, March 2.

TRUST BANK of Africa, which was taken over last year in a rescue operation by Bankorp, the bank holding company of the Sanlam insurance group, and which has changed its year end so that its current accounting period will be for the 18 months to June 30, 1978, has reported a slight increase in profits for the six months to end-December.

But its chairman, Dr. F. J. du Plessis, who said in his statement accompanying the latest figures that a resumption of dividends was "a couple of years" away, amplified his remarks last night, to indicate that it would probably be five to seven years before any dividend payments could be considered.

After pre-tax profits of R0.7m. for the first six months of 1977, the outcome for the second half was R0.8m. ($0.9m.). A further improvement is forecast for the final six months of the current accounting period and the Board considers that a number of significant steps have been taken to strengthen Trust Bank's position, first of which is injection of R25m. of new permanent capital from Sanlam.

In addition, the new management installed by Bankorp has achieved a substantial reduction in what yesterday's statement calls Trust Bank's "extraordinarily high cost of funds" and has taken the first steps in "a policy of overall reduction in property involvement." This has meant disposal of some properties which had ongoing financing commitments.

On Trust Bank's stake in the failed Glen Anil group, further provisions are to be made against any possible losses and in total an amount of R10m. will have been put aside out of existing reserves. Trust Bank shares, now 30c., are regarded by some sophisticated analysts as a warrant on the South African banking system.

The latest figures for the half-year to end-December from Bankorp itself, which controls several banks apart from Trust, including the big merchant bank, Senbank, show that the burden of carrying Trust Bank has not so far impaired its growth.

Disclosed net profits are up from R2.3m. to R3.5m. ($4m.) and earnings per share, after adjusting for an increase in the Ordinary shares in issue from 20.4m. to 27.2m., have improved from 11.2c. to 12.9c. The interim dividend has been raised from 5c. on the old capital to 5.6c. on the new, holding out the hope of a total up from 14c. to 15c., in which case the shares at 150c. would yield a prospective 10 per cent.

Union Steel's dividend cut to $2\frac{1}{2}$ cents

By Our Own Correspondent

JOHANNESBURG, March 2.

AFTER RUNNING into difficult trading conditions in the first half of its financial year to December 31, Union Steel Corporation (USCO) slightly improved its profitability in the second half. But profits are well down compared with 1976, and the dividend has been cut from 5.5c to 2.5c. The shares, at 25c, now yield 10 per cent.

USCO is directly and indirectly controlled by Iscor, the state steel group, and AMIC, the industrial arm of Anglo American, is an important minority shareholder. At the current share price, it is capitalised at only R7m., but net assets in the last accounts amounted to R40m., or 138c per share.

The latest figures show turnover, mainly consisting of basic and fabricated steel products, down from R141m. to R126m. Trading profit was down from R14.3m. to R9.4m., so that margins fell from 10.1 per cent. to 7.5 per cent. After higher depreciation and interest, even after a negligible tax charge, net profit fell from R7.2m. to R1.1m. or from 19c to 4c per share.

Bank Leumi

BANK LEUMI informs us that Bank Leumi le-Israel group total assets at December 31, amounted to I£152bn. (U.S.$9.9bn.), an increase of 86 per cent on 1976.

In our report on the Bank Leumi results published yesterday, the group's balance sheet total figures were incorrectly given.

MEDIUM TERM LOANS

Improved rates for Brazil

By Francis Ghilès

THE LATEST loan for a Brazilian borrower shows a marked improvement in terms. Electrobras, the state electricity company is borrowing $200m. for ten years on a spread over the interbank rate of $1\frac{1}{4}$ per cent. throughout. There is a four-year grace period. Joint lead managers are Credit Commercial de France, which is also running the books, Manufacturers Hanover, which is also agent and Banque Internationale pour le Financement de l'Energie Nucleaire.

Participation fees are $\frac{1}{2}$ per cent. for amounts of $1m. and $2m., $\frac{11}{16}$ per cent. for amounts of $3m. and $4m. and $\frac{3}{4}$ per cent. for amounts of $5m.

Another borrower to benefit from the easier terms prevailing in the market, albeit a smaller one, is Tunisia. The state electricity company STEG is arranging a $10m. loan through Crédit Commercial de France.

The borrower is paying a split spread of $\frac{7}{8}$ per cent. for the first five years rising to 1 per cent. for the remaining three, with a four year grace period.

Just signed are three loans for South East Asian borrowers. A $400m. eight-year loan for Cement Industries of Malaysia, carrying a spread of $\frac{7}{8}$ per cent. throughout is being lead managed by Chase Manhattan Asia.

A $130m. unguaranteed ten-and-a-half-year loan for San Miguel Corporation of the Philippines, carrying a split spread of $1\frac{1}{4}$ per cent. for the first five years rising to $1\frac{3}{8}$ per cent. for the next three and $1\frac{1}{2}$ per cent. for the last two-and-a-half is being lead managed by Citicorp.

A $100m. seven-year unguaranteed loan for the Pohang Iron and Steel Company of South Korea carrying a spread of $1\frac{1}{2}$ per cent. is led by Asia Pacific Capital Corporation.

Bahrain OBU for Barclays

By Michael Blanden

BARCLAYS BANK International is to open an offshore banking unit in Bahrain, it was announced yesterday. The new operation will provide offshore wholesale, corporate and related services and will engage in foreign exchange dealing.

The bank already has a representative office in Bahrain, established in 1975.

FLOATING RATE CD'S

A new way of matching depositors' demands

BY MARY CAMPBELL, EUROMARKETS EDITOR

LAST year's growth in the international market for certificates of deposit (CD's) has been well documented. CD's have traditionally been fixed rate, and the importance of floating rate CD's in this growth has been relatively overlooked.

The first floating rate certificates of deposit (FRCD's) were issued less than a year ago in London, on April 19, 1977. Since then they have probably accounted for about a quarter of the $5bn. rise in CD's outstanding in the London market. There are no official figures on FRCD's specifically, but no one in the market puts the amount issued during the last nine months at less than $1bn. and estimates range above $1½bn.

The vast bulk of the issues has been made by Japanese banks, though at least two French banks have also issued small amounts and one Swiss bank (Dow Banking) has made a small issue for reasons peculiar to itself. Modest volumes of FRCD's have also been issued in Singapore and Hong Kong—Chase Manhattan, for example, issued Hong Kong-dollar-denominated FRCD's last year, while Citibank announced earlier this week that it was issuing $HK100m. worth (about $U.S.20m.).

Money market instrument

The mechanics of an FRCD involve a change, usually every six months in the interest rate paid to the depositor. As in the case of a floating rate Eurobond issue, the depositor receives a margin (or spread) over inter-bank rates. In the early days, FRCDs had three-year maturities and offered a spread of a quarter of a point. In a move designed to make them appeal to Eurobond investors (rather than merely to the money markets), a few even had minimum, though low, limits set for the interest rate payable.

By now, however, FRCDs have become much more clearly a money market instrument. They are issued in denominations of up to $1m. and for maturities ranging down to 18 months. In the case of shorter maturity issues, the spread may be lower than a quarter of a point and may fall from, say, a quarter during the first rollover period to a sixteenth by the last.

It is easy to see why FRCD's should have been attractive to depositors, particularly in recent months: U.S. dollar rates have been expected to rise, and the depositor could look to receiving more interest as rates generally go up. If he put his money a fixed rate CD of an 18 month or three year maturity, he would be stuck with that rate, while the payment of a spread over inter-bank rates made the FRCD more attractive than a simple short term deposit.

The attraction of FRCDs is reflected in the fact that they have been extremely difficult to acquire on the secondary market—those who have got hold of them are holding on to them.

Liabilities to balance assets

The reasons why the Japanese banks have wanted to issue them are rooted in Japan's banking structure. Under Japanese regulations, only the so-called long term banks and the Bank of Tokyo (historically, Japan's foreign trade bank) have been permitted to issue floating rate Eurobonds. The Japanese commercial ("city") banks, which have carried out the bulk of the last few years' expansion in Japanese banks' floating rate medium term Eurocurrency lending, have long wanted to be able to build up long term, but floating rate, liabilities to match these assets.

At this moment, with a flat yield curve and interest rates forecast to rise, they might be expected to prefer to fund themselves with fixed rate CDs. However, perhaps because of the unfortunate experiences they had a few years ago making fixed rate loans on the basis of floating rate deposits, they apparently put a high premium on matching the interest rate they pay with the interest rate they receive.

They have also since last June been required under Ministry of Finance (MOF) regulations to match any Eurocurrency medium term lending they do with deposits which have maturities of at least one year. The interest rates they receive on their loans are tied to the three or six month inter-bank rates, so that they cannot simultaneously satisfy the MOF and match interest rates by issuing fixed rate CDs. Issuing FRCDs is one solution to this problem.

However, a cheaper solution exists in the floating rate long term deposit. It seems that Japanese banks in particular are taking an increasing proportion of their longer-term deposits on a floating rate basis—a relatively new technique. On these deposits, they would pay inter-bank rate, rather than the premium over it payable on FRCDs.

The advantage of FRCDs over variable rate deposits is that they are made by different depositors from those the Japanese banks might normally be able to tap.

The procedure for the issue of FRCDs involves the use of an intermediary who charges a fee—usually ¼ per cent. of the face value for each year of the maturity, but sometimes less. This fee is paid to the intermediary to sell the CDs. Market sources say that U.S. houses, notably Salomon Brothers, have cornered the lion's share of the business of placing FRCDs, with Credit Suisse White Weld the sole bastion of European interest.

Provided fears that the Japanese banks are over-saturating the market do not materalise, it currently looks as though FRCD's will continue to expand very fast. The Japanese city banks are reportedly now issuing FRCD's in much bigger volumes than traditional fixed rate CD's.

Importance to the market

In January, when the volume of CD's outstanding in the London market fell back by $1bn. or 3.3 per cent. to $22bn., the volume of Japanese banks' CD's outstanding fell back by only 2.4 per cent. to some $2½bn.

Their importance to the Japanese banks is likely to mean that FRCD's will become ever more important in the CD market as a whole, simply because the Japanese are still the biggest growth area of CD issuing.

By January, Japanese banks in London were responsible for over 12 per cent. of all London issues outstanding: a year ago the figure was under 10 per cent., and two years ago—before their latest push into international lending had got under way at all—under five per cent. One specialist is predicting that the outstanding volume of FRCD's will reach $2bn. within weeks.

SELECTED EURODOLLAR BOND PRICES

MID-DAY INDICATIONS

[STR]AIGHTS	Bid	Offer
[Au]stralia 8½pc 1989	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible] M & S. 8½pc '92	[illegible]	[illegible]
[illegible] Bank 8½pc 1992	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible] River 8½pc '86	[illegible]	[illegible]
[illegible] National 8½pc 1986	97	[illegible]
[illegible]	[illegible]	100½
[illegible]	[illegible]	99
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible] 1989	[illegible]	[illegible]
[illegible] Nov	[illegible]	101
[illegible] Lakes Paper 8½pc '84	[illegible]	[illegible]
[illegible] 8½pc 1992	100	[illegible]
[Hydro]-Quebec 9pc 1992	[illegible]	[illegible]
[illegible] 1987	[illegible]	97
[illegible] Canada 9½pc 1986	103	[illegible]
[Mac]millan Bloedel 9pc 1992	[illegible]	[illegible]
[Mas]sey Ferguson 9½pc 1991	96	97
[illegible] 9½pc 1984	101½	102
[illegible] Fin. 8½pc '92	[illegible]	[illegible]
[Nat]. Coal Board 8pc 1987	[illegible]	[illegible]
[Nat]. Westminster 9pc 1986	101½	102
[New]foundland 9pc 1989	[illegible]	100
[Nor]ges Komm. Bk. 8½pc '92	98	[illegible]
[illegible] 8½pc 1989	[illegible]	96
[Nor]sk Hydro 8½pc 1992	97	[illegible]
[Oslo] 9pc 1988	100½	101½
[illegible] Autoroutes 9pc 1991	[illegible]	99
[Pro]v. Quebec 9pc 1996	[illegible]	[illegible]
[Pro]v. Saskatchwn. 8½pc '86	[illegible]	100½
[Ree]d International 9pc '87	[illegible]	[illegible]
[RH]M 9pc 1992	[illegible]	[illegible]
[Sel]ection Trust 8½pc 1989	[illegible]	[illegible]
[Sk]and. Enskilda 9pc 1991	[illegible]	[illegible]
[SKF] 8pc 1987	[illegible]	[illegible]
[Sw]eden (Kingdom) 8½pc '87	[illegible]	[illegible]
[Uni]ted Biscuits 9pc 1989	[illegible]	[illegible]
[Vol]vo 8pc 1987 March	[illegible]	[illegible]
[NO]TES		
[Aust]ralia 7½pc 1984	95	[illegible]
[Bell] Canada 7½pc 1987	[illegible]	[illegible]
[Br.] Columbia Hydro 7½pc '85	[illegible]	[illegible]
[Can]adian Pacific 8½pc 1984	[illegible]	[illegible]
[Do]w Chemical 8pc 1986	[illegible]	[illegible]
[EC]S 7½pc 1982	[illegible]	[illegible]
[EC]S 8½pc 1989	[illegible]	[illegible]
[EE]C 7½pc 1982	[illegible]	[illegible]
[EE]C 7½pc 1984	[illegible]	[illegible]
[Ens]o Gutzeit 8½pc 1984	[illegible]	[illegible]
[Go]taverken 7½pc 1982	[illegible]	[illegible]
[Kock]ums 8pc 1982	[illegible]	[illegible]
[Mic]helin 8½pc 1983	[illegible]	[illegible]

	Bid	Offer
Montreal Urban 8½pc 1981	100½	101½
New Brunswick 8pc 1984	97	[illegible]
New Brunswick Pv. 8½pc '83	100½	101
New Zealand 8½pc 1986	[illegible]	[illegible]
Nordic Invest. Bk. 7½pc '84	[illegible]	[illegible]
Norsk Hydro 7½pc 1982	[illegible]	[illegible]
Norway 7½pc 1982	[illegible]	97
Ontario Hydro 8pc 1987	[illegible]	96
Singer 8½pc 1982	[illegible]	100½
Sth. of Scot. Elec. 8½pc '81	[illegible]	[illegible]
Sweden (Kingdom) 7½pc '82	[illegible]	[illegible]
Swedish State Co. 7½pc '82	97	[illegible]
Telmex 9½pc 1984	[illegible]	100
Tenneco 7½pc 1987 May	[illegible]	[illegible]
Volkswagen 7½pc 1987	[illegible]	[illegible]
STERLING BONDS		
Allied Breweries 10½pc 1990	[illegible]	98
Courtaulds 9½pc 1989	96	[illegible]
ECS 9½pc 1989	[illegible]	[illegible]
EIB 9½pc 1988	[illegible]	[illegible]
EIB 9½pc 1992	[illegible]	[illegible]
Fin. for Industrie 9½pc '87	95	[illegible]
Fin. for Industrie 10pc '89	[illegible]	[illegible]
Fisons 10½pc 1987	[illegible]	[illegible]
INA 10pc 1988	[illegible]	[illegible]
Rowntree 10½pc 1988	[illegible]	[illegible]
Sears 10½pc 1988	[illegible]	[illegible]
Total Oil 9½pc 1984	[illegible]	[illegible]
DM BONDS		
Austria 6½pc 1983	107	[illegible]
BFCE 7pc 1987	[illegible]	106
Denmark 6½pc 1983	106	[illegible]
EIB 6½pc 1984	106	[illegible]
Grand Met. 7pc 1984	[illegible]	[illegible]
Hydro-Quebec 6½pc 1987	103	[illegible]
ICI 6½pc 1987	[illegible]	107
Montreal 7pc 1987	[illegible]	104
Norges Gas 7pc 1989	[illegible]	[illegible]
Norsk Hydro 6½pc 1989	105	[illegible]
Norway 5½pc 1982	104	[illegible]
Shell 6½pc 1989	[illegible]	110
Spain 6½pc 1984	102	[illegible]
Sweden 6½pc 1984	106	[illegible]
World Bank 6½pc 1987	[illegible]	[illegible]
FLOATING RATE NOTES		
Bank of Tokyo 1984 7⁵⁄₁₆pc	[illegible]	[illegible]
BFCE 1984 7pc	[illegible]	[illegible]
BNP 1983 [illegible]	[illegible]	[illegible]
CCF 1983 8pc	[illegible]	[illegible]
CGMF 1984 [illegible]pc	[illegible]	[illegible]
Creditanstalt 1984 7½pc	[illegible]	[illegible]
Credit Lyonnais 1982 8pc	[illegible]	[illegible]
Dt. Bank 1982 7¹⁵⁄₁₆pc	[illegible]	[illegible]
GZB 1981 7½pc	[illegible]	[illegible]

	Bid	Offer
Intl Westminstr. '84 7¹⁵⁄₁₆pc	[illegible]	[illegible]
Lloyds 1983 7½pc	[illegible]	[illegible]
LTCB 1983 8pc	[illegible]	100
Midland 1982 8pc	[illegible]	[illegible]
Midland 1987 7¹¹⁄₁₆pc	[illegible]	[illegible]
OKB 1983 7½pc	[illegible]	100
SNCF 1985 8½pc	[illegible]	[illegible]
Stnd. & Chrtrd. '84 7¹¹⁄₁₆pc	[illegible]	[illegible]
Wms. & Glyns 1984 8¹⁄₁₆pc	[illegible]	[illegible]
Source: White Weld Securities.		
CONVERTIBLES		
American Express 4½pc '87	81	83
Ashland 5pc 1988	86	88
Babcock & Wilcox 6½pc '87	[illegible]	[illegible]
Beatrice Foods 4½pc 1992	91	93
Beatrice Foods 4½pc 1992	100½	101½
Beecham 6½pc 1992	[illegible]	[illegible]
Borden 5pc 1992	97	99
Broadway Hale 4½pc 1987	75	77
Carnation 4pc 1987	75	77
Chevron 5pc 1988	119	121
Dart 4½pc 1987	[illegible]	77½
Eastman Kodak 4½pc 1988	77	79
Economic Labs. 4½pc 1987	[illegible]	77½
Firestone 5pc 1988	[illegible]	80½
Ford 5pc 1988	[illegible]	[illegible]
General Electric 4½pc 1987	[illegible]	[illegible]
Gillette 4½pc 1987	74	76
Gould 5pc 1987	107	109
Gulf and Western 5pc 1988	[illegible]	[illegible]
Harris 5pc 1992	139	[illegible]
Honeywell 6pc 1986	[illegible]	[illegible]
ICI 6½pc 1992	85	87
INA 6pc 1997	[illegible]	[illegible]
Inchcape 6½pc 1992	104	105
ITT 4½pc 1987	[illegible]	[illegible]
Jusco 6pc 1992	104½	105½
Komatsu 7½pc 1990	113	114
J. Ray McDermott 4½pc '87	128½	130½
Matsushita 6½pc 1990	130½	131½
Mitsui 7½pc 1990	106	107
J. P. Morgan 4½pc 1987	[illegible]	[illegible]
Nabisco 5½pc 1988	[illegible]	[illegible]
Owens Illinois 4½pc 1987	108½	110½
J. C. Penney 4½pc 1987	[illegible]	[illegible]
Revlon 4½pc 1987	107½	[illegible]
Reynolds Metals 5pc 1988	[illegible]	[illegible]
Sandvik 6½pc 1988	108½	110
Sperry Rand 4½pc 1987	[illegible]	[illegible]
Squibb 4½pc 1987	[illegible]	[illegible]
Texaco 4½pc 1988	[illegible]	[illegible]
Toshiba 6½pc 1992	[illegible]	104½
Union Carbide 4½pc 1982	[illegible]	[illegible]
Warner Lambert 4½pc 1987	[illegible]	[illegible]
Warner Lambert 4½pc 1988	72	74
Xerox 5pc 1988	74	76
Source: Kidder, Peabody Securities.		

HOME NEWS

Arab airlines interested in leasing Concorde

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE POSSIBILITY of jointly leasing a Concorde supersonic airliner for services between the Middle East and New York is being discussed by Middle East Airlines of the Lebanon and several other Arab airlines.

Mr. Asad Y. Nasr, chairman and president of MEA, said in London yesterday that the airline had always been interested in Concorde, and in the possibility of a service between Beirut and New York, with a refuelling stop at Toulouse in France.

The financial and operational difficulties because of the recent civil war in Lebanon had made it impossible for MEA to continue with its original discussions on Concorde, begun in the early 1970s. But as the airline's position was becoming more stable, it was renewing its interest.

The airline could not afford to buy a Concorde, but the possibilities of joint operation with either British Airways or Air France now seemed brighter, especially if other Arab airlines could participate.

Accordingly, it was discussing the situation with Alia of Jordan, Saudia of Saudi Arabia, Syrian Arab Airlines, Kuwait Airways and Gulf Air. No decisions had been taken, but the airlines have shown interest.

The MEA interest should be welcomed in the U.K., where British Airways has said it is anxious to discuss with other airlines the possibilities of joint operations.

The U.K. Government also has to dispose of its share of five unsold Concordes. The aircraft are in final assembly at Filton, near Bristol, and at Toulouse. The first two will fly this year. So far, there are no buyers or lessees, and the future of the aircraft is uncertain.

Mr. Nasr said that after the civil war and emergency in the Lebanon, the airline had recovered strongly and expected to have a £3m. profit for last year subject to final audit.

It had suffered a severe reverse from high profits, which in 1974 was over £7m., with a net loss during the emergency years of about £6m.

From now on, he expected profits to return to the pre-emergency levels by 1980, and to increase steadily.

Scotland to seek greater investment from U.S.

A BIG drive to attract U.S. investment to Scotland is to be launched next month by the Scottish Development Agency with the first visit by Mr. Lewis Robertson, its chief executive, to New York and Chicago.

Mr. Robertson, who will be acompanied by Mr. James Gorrie, the agency's head of information, is to spend 10 days talking to industrialists about the prospects for siting European manufacturing bases in Scotland.

The agency is also hoping to encourage the formation of more joint ventures between U.S. and Scottish companies on the basis of technological co-operation.

Over the past year the agency has been steadily building up its overseas promotion activities, using the existing expertise of the independent Scottish Council (Development and Industry).

Next month's visit will be based largely on information supplied by the council.

City pegs commercial rates level

By David Churchill

COMMERCIAL ratepayers in the City of London will have their rates pegged this year, although the relatively few domestic rates will be cut.

But both domestic and commercial ratepayers will have to pay separate water charges from April 1 as the Thames Water Authority has decided to bill customers directly.

The City corporation's recommended rate for the next financial year will be 74.69p in the £, with domestic rates 50.79p after Government relief. The rate for mixed use will be 63.19p.

The rate yield next year is expected to be £158.4m., and a further £5.1m. will be taken from balances to meet the budget figure of £163.5m.

Of this total, the Inner London Education Authority will require about £90m. and the Greater London Council about £36m.

More than £6m. will go into the rate equalisation scheme based on the needs of individual local authorities. The City corporation is the only London local authority not to benefit under this scheme.

Avon County Council yesterday announced rate rises of only 6.3 per cent., one of the lowest increases among the shire counties. The news will be welcomed by the Government, which is hoping that the overall national rate rises will be below 10 per cent. this year.

Dumping of waste in sea expected to increase

FINANCIAL TIMES REPORTER

SEVERE RESTRICTIONS on the use of British agricultural land could lead to greater demands for dumping at sea of industrial waste and domestic sewage, says a report published yesterday by the Department of the Environment and the National Water Council.

The object of the report is to provide data for immediate use by sewage disposal authorities and provide a base for future disposal strategies for industrial sludge and domestic sewage.

The survey highlights the high costs—up to £10.54 a tonne for sea disposal—and changing methods of disposal used in Britain, which will have an impact on the demand for sewage and sludge processing plant.

Nearly a quarter of all sewage sludge produced in Britain is disposed of at sea in controlled operations licensed by the Ministry of Agriculture and the Department of Agriculture for Scotland.

There are 12 sludge dumping grounds and two more, off the Firth of Forth and off the Northumberland coast, will come into use shortly for dumping another 865,000 tonnes a year.

Sewage Disposal Data and Reviews of Disposal at Sea. National Water Council, 1 Queen Anne's Gate, London S.W.1.H 9BT. Price £1.40.

North Sea investment advice

Financial Times Reporter

THE REMOVAL of controls on British investment overseas was urged yesterday by Prof. Douglas Hague, Professor of Managerial Economics at the Manchester Business School.

This would counter the impact of North Sea oil in pushing up the sterling rate and hitting exports and employment in British industry.

He said that when the oil finally ran out the country would have the overseas funds needed to build up export industries for the next century.

The belief that Britain needed massive investment in manufacturing industry was false, he said. "We must not finance subsidies to investment in capital-intensive manufacturing industry by taxing service industries and making it harder for them to provide employment."

Cutlery companies fail to respond to survey

BY OUR OWN CORRESPONDENT

THE failure of some companies in the U.K. cutlery industry to respond to requests for information on their operations is causing concern among industry leaders.

The survey, designed to give the Government a complete picture of the state of the industry, has been described as the most important ever undertaken in cutlery. It could influence Whitehall decisions on requests for import restrictions on cheap Far East stainless steel cutlery.

The initial deadline for the return of survey forms was January, but officials say that they are still awaiting returns.

Mr. Brian Viner, president of the Cutlery and Silverware Association, said import penetration was now thought to be an estimated 95 per cent. in volume terms, about 86 per cent. in value terms.

The "greatest possible importance" was attached to the survey, he said, and some companies had been "dilatory" in their attitude to it.

Petition to save Notts brewery

TEN THOUSAND real ale drinkers in Nottingham have signed a petition to save a local brewery from take-over.

They have responded to a city "pub crawl" by members of CAMRA, the society for real ale which is fighting a £13m. bid by Northern Foods, of Hull for Shipstones Brewery.

APPOINTMENTS

Lord Brabourne joins Thames TV Board

Lord Brabourne

Lord Brabourne, film and television producer, has joined the Board of THAMES TELEVISION as one of its two independent directors, in succession to Lord Wolfenden.

★

Mr. S. M. Smyth has become chairman of MCNEILL GROUP and has been succeeded as managing director by Mr. David G. Hudson, who was commercial director. Dr. D. B. McNeill has resigned as chairman but remains on the Board.

★

Following the successful offer by DALGETY for FEDERATED CHEMICALS, Mr. G. Terry Pryce, Mr. K. M. Parker and Mr. J. G. T. Hart have joined the Board of Federated. Mr. Pryce becomes chairman in the place of Mr. John Sparrow, who has resigned from the Board as has Mr. D. Mather. Mr. R. A. Pargeter, who continues as managing director of Federated, becomes deputy chairman.

★

Mr. Stephen Cretney, Fellow of Exeter College and Lecturer in Law at Oxford University, has been made a Law Commissioner in succession to Mr. Norman Marsh, whose appointment expires on September 30.

★

Sime Darby Holdings and the Mercantile and General Re insurance Company, shareholders in the ROBT. BRADFORD insurance broking group, have made a number of changes in the Boards and management of the group. Mr. Leslie R. Patterson, a director of Sime Darby Holdings and managing director of Sime Darby Western International Division, becomes chairman of Robt. Bradford and Company and a director of Robt. Bradford Hobbs Savill. He is joined on the Bradford Boards by Mr. Alan J. Bryant and Mr. Don Gardiner, directors of Sime Darby's Western International Division. Mr. David E. Richards, of Mercantile and General Reinsurance and a director of Robt. Bradford, moves on to the Board of Robt. Bradford Hobbs Savill. Mr. Douglas Grout, formerly deputy chairman of Sedgwick Forbes Holdings, has accepted a Robt. Bradford Board post in a personal advisory capacity. Mr. John L. Kavanaugh, director of operations, Robt. Bradford Hobbs Savill, has become managing director and is also to be a director of Robt. Bradford. Mr. David E. Dowlen remains chairman of Robt. Bradford Hobbs Savill and as a director of Robt. Bradford. Mr. Michael J. Chard, Mr. Charles F. Engel, Mr. Geoffrey A. Latham and Mr. Jeremy J. M. Lees continue as directors of Robt. Bradford Hobbs Savill.

★

BROWN SHIPLEY INSURANCE SERVICES states that from April 1 Mr. C. Barker and Mr. G. Ford have been elected to serve on the Marine and International Divisional Committee.

★

Mr. R. G. Tennant has been appointed managing director of the Witton site services division of IMPERIAL METAL INDUSTRIES in succession to Mr. J. K. Smout, who is retiring on March 31.

★

Miss Ruth Spelman and Mrs. Jacqueline Unthank have been appointed directors of HAROLD INGRAM.

★

Mr. Ron Cooke has become managing director of RECORD TOWER CRANES, a subsidiary of Richards and Wallington. His appointment follows the retirement from executive office of Mr. David Brierton, who remains on the Board as a non-executive director.

★

The Secretary of State for Defence, has made the following appointments from June 1. Mr. D. Cardwell, as director of the Atomic Weapons Research Establishment, Aldermaston, in succession to Mr. W. J. Challens, who is retiring from the public service. Mr. I. H. Johnston, as deputy controller R and D Establishments and Research B and Chief Scientist (Army), in place of Mr. Cardwell.

★

Mr. R. P. L. McMurtrie has been appointed managing director of IMHOF-BEDCO, a member of the Plantation Holdings Group, in place of Mr. F. E. Humble.

★

Mr. Leo T. Swift, vice-president and deputy manager of the international division of Shawmut Bank of Boston, has been appointed general manager of ATLANTIC INTERNATIONAL BANK. Shawmut is one of AIB's principal shareholders.

★

Mr. Richard Roberts has been elected president of the ROYAL WARRANT HOLDERS ASSOCIATION in place of Mr. R. E. Stevens, who has completed his year of office. Sir Nevil Macready is now vice-president and Mr. Edward Rayne honorary treasurer.

★

Mr. Leslie W. Maxwell and Mr. Sydney J. Wilson have been appointed to the Board of MOFFAT AND BELL. A new company called Moffat and Bell (Pumps) has been formed to handle sewage and pumping. Mr. Richard G. Hartley has been made a director with Mrs. Hilda M. Simpson as managing director. Miss June D. Days is secretary.

★

Mr. Terry Daniel has joined PHOENIX HARDWOODS as a director with special responsibility for the further development of South American hardwood species. He was previously with Sandell Perkins.

★

Mr. Bernard F. Crank has been appointed managing director of JONES AND ATTWOOD. Mr. R. A. Higgins remains as chairman.

★

Mr. J. A. F. Litherland has been appointed managing director of WEIR POLYPAC, of the Weir Group. He was formerly design and development director.

★

Mr. P. W. Heath has joined NORTHCOTE AND COMPANY, stockbrokers, as an associate member.

★

Mr. W. E. Mitchell-Innes has retired from the Boards of DEUNDI HOLDINGS and Deundi Tea Company and Mr. P. C. F. Warren has been appointed chairman of both companies in his place. Following completion of the revised offer by Rightwise, Mr. P. S. Allen has resigned and Mr. H. M. Robinow and Mr. R. M. Robinow appointed to Boards of both concerns.

★

Sir Ronald McIntosh, formerly the director-general of the National Economic Development Office, has been appointed a director of FOSECO MINSEP.

★

Sir Monty Finniston is to be the next Chancellor of the UNIVERSITY OF STIRLING to succeed Lord Robbins, the University's first Chancellor, whose period of office ends on July 31. Sir Monty retired from the chairmanship of the British Steel Corporation in September 1976. He is a director of Sears Holdings and executive chairman of Sears Engineering.

★

Mr. J. C. A. Sillitoe has resigned as the managing director of STAPLES AND CO. because of continuing ill-health. Mr. J. N. Heal and Mr. V. F. Buckingham have been appointed joint managing directors. Mr. P. R. Dennis becomes sales director and Mr. D. Savvides, company secretary. Mr. E. Speller is now senior director and continues as financial director.

★

Mr. Peter Cullen has been appointed managing director of CULLENS STORES on the retirement of Mr. W. K. Rogers, who remains on the Board as non-executive chairman.

★

Mr. Angus MacKenzie-Charrington has been appointed chairman and managing director of INVERHOUSE DISTILLERS with responsibility for the U.K. and Europe. He has also been [...] to the main Board of Publick[...] dustries Inc, the U.S.-based [...] company. Mr. Mack[...] Charrington has resigned fr[...] Board of Bass Charringt[...] which he was a non-ex[...] director, to avoid any pot[...] conflict with U.S. anti-trust l[...]tion.

Mr. A. MacKenzie-Charrin[...]

★

Mr. Kenneth Whitaker has [...] appointed chairman of [...] DELL HOUSE SECURITIES [...]lowing a restructuring of [...] company. Mr. Michael Ca[...] and Mr. Andrew Sturt h[...] come joint managing director[...] Sturt having special respons[...] for residential and comm[...] development.

★

Mr. Anthony I. Bilmes has [...] appointed managing direct[...] PICCADILLY FINANCIAL [...]AGEMENT and a director [...] parent company PICCA[...] FINANCIAL SERVICES. H[...] resigned as a director of [...] and Williamson Securities.

★

Mr. Avery E. Chope has [...] appointed a senior vice-pres[...] of CROCKER NATIONAL B[...] San Francisco. Before jo[...] Crocker, Mr. Chope worked [...] Citibank in London and be[...] resident vice-president for [...] bank in Dublin.

★

Mr. A. Traill (Traill [...]borough) and Mr. D. R. C[...] (Wigham Poland Reinsur[...] Brokers) have been elected c[...]man and deputy chair[...] respectively, of the BROK[...] REINSURANCE COMMITTEE [...] 1978. Mr. Graham H[...] (Sedgwick Forbes U.K.) has [...] appointed chairman of [...] UNITED KINGDOM CR[...] INSURANCE BROKERS' C[...]MITTEE for 1978. Mr. A[...] Deane (Lowndes Lambert Gr[...] and Mr. B. Lowry of (Sedg[...] Forbes Ltd.) have been ele[...] to that committee.

HOME CONTRACTS

£21.8m. motorway work for A. McAlpine

THE Department of Transport has accepted tenders for two contracts, together worth nearly £21.8m., from the Sir Alfred McAlpine and Son - Fairclough Civil Engineering consortium for the Aintree-to-Skelmersdale section of the M58 Motorway.

Work is expected to start soon and should be completed in about two years. The first contract — for the Aintree-to-county boundary section — is for £12,110,965, and the second, worth £9,669,508, is from the county boundary to Skelmersdale.

This section of the M58 will run from the M57-A5036-A59 junction at Aintree to Glenburn Road, Skelmersdale, and will complete the M58.

Work on the motorway between Aintree and the Merseyside-Lancashire county boundary will involve building about 3.7 miles of motorway, including 18 bridges.

★

INTERNATIONAL COMPUTERS is to supply three ICL 2960 computers, together worth £2m., to the Automobile Association. Due for delivery at the Association's Basingstoke headquarters in March, September and November, the three computers will take over the subscription accounting of its 5m. members.

★

GENERAL INSTRUMENT MICROELECTRONICS has won a contract from the Post Office to develop MOS integrated circuits for the Viewdata system. The company's teleview system will also enable the user to receive Teletext signals and provides a direct interface to the display tube for both systems. The total Viewdata system is microprocessor-based and comprises four MOS LSI circuits together with the PIC 1650 single chip microcomputer.

★

BTR's engineering subsidiary, R. Blackett Charlton, has been awarded three contracts totalling £1.6m. by ICI Petrochemicals to supply critical pipework and vessels for three of its Teesside plants.

★

SCOTT LITHGOW GROUP of Lower Clyde Shipbuilders has won an order for a £550,000 car and passenger ferry for the Shannon River in Ireland. The contract brings work secured by the group this year to about £8.5m., which will keep its two specialised yards at Bowling and Port Glasgow busy for 18 months.

★

PMA SALES (MERSEYSIDE) has received two contracts from Foster Wheeler for 20 Belfield decantation valves. These valves are to be installed on the crude oil storage tanks at the Sullom Voe terminal in Shetland being constructed by BP Petroleum Development on behalf of the Ninian pipeline and Brent pipeline groups. They will be used to ensure that oil spillage is prevented when drawing off water settling out in tanks.

★

S. WERNICK AND SONS has been awarded a £186,000 contract for manufacturing and erecting a further 37 chalets and extending the amenity block at Penlan Holiday Village, Cenarth, Dyfed, West Wales.

★

PLESSEY AVIONICS AND COMMUNICATIONS has won a further Ministry of Defence order for the supply of over 630 Clansman PRC 320 HF manpack radio systems. This follows the initial MoD order for over 1,200 systems. Plessey also designs and manufactures the frequency synthesisers for all the Clansman HF and VHF radios, plus the antenna systems and principal ancillary equipment.

★

WEATHERMAKER EQUIPMENT, Wembley, Middlesex, has won an order worth £300,000 from Tesco Stores for 23 Carlyle Type 50DD roof-mounted, packaged air handling units and eight Type 38SE roof-mounted air-cooled condensing units.

★

BRANCHGLEN (CONSULTANTS), Cobham, Surrey, has been awarded a contract worth £829,000 by the British Transport Docks Board, Hull, for the movement of a container crane from Newport to Hull and modification of the crane at Hull. The crane, which weighs 480 tonnes and stands 160 feet high, will be skidded onto a flat-topped barge and transported to Hull by sea.

★

BROOKE MARINE (a member of British Shipbuilders) of Lowestoft, has received a contract from HM Customs and Excise for a 33-metre patrol craft, which will undertake customs patrol duties in northern waters. It is due for delivery early in 1979.

★

JENKINS OF RETFORD, part of the mechanical handling division of Babcock and Wilcox, has received an order for their Translift overhead monorail conveyor from Leyland Cars for its Jaguar plant at Coventry. The system will be installed as a 680-metre loop with two drop sections. Designed to carry Jaguar car bodies from the new coloured body store to the production lines, it will be an extension of the existing Translift overhead conveying system installed in the plant by Jenkins in 1973.

★

CANONGATE CONTRACTS, West Lothian, has won a further contract from BP, for furnishing senior management accommodation, comprising a living and sleeping area, in the company's construction village at Sullom Voe, Shetland.

[...]S SHARE IN[...]

3 better

Indices

هكذا من الأصل

هكذا من الأصل

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Dow 3 better on technical recovery

OUR WALL STREET CORRESPONDENT

MODEST technical recovery ...rred on Wall Street to-day on ...ain hunting and short-cover... after the market's recent ...p slide.

...he Dow Jones Industrial Aver... ended 3.12 firmer at 746.45 ...the NYSE All Common Index ...cents harder at $48.60, while ...s held a lead over declines of ...to 578. Turnover came to ...m. shares, compared with ...erday's level of 21.01m.

...okers related the stock mar... gain to a levelling off by ...dollar on foreign exchanges. ...added that sentiment was ...helped by a statement from ...head of the House Energy ...mittee that a three-month ...gressional stalemate on an ...gy programme may be at an ... A conference committee has ... stalled on the plan by ...ure of Senate members to ...e whether natural gas pric... controls should be continued.

...t his news conference to-day, ...sident Carter expressed con...nce that the dollar would improve against foreign currencies.

Other helpful factors were sharp sales rises reported by many leading retail chains and a private survey's findings of a near-record rate of January contracts for new construction.

Among Retailers, J. C. Penney, which reported a 20.2 per cent. sales increase, rose ½ to $33½, while Sears Roebuck gained ¼ to $24½ on a 14.9 per cent. jump in sales.

UOP advanced $5 to $19½ on Signal Companies declaring that it will offer $20 to $21 per share for the 49.5 per cent. of UOP not already owned. Signal put on ½ to $28½.

Systron-Donner, which has terminated merger talks with Leeds and Northrop, fell 1¼ to $8, but the latter gained ¼ at $20½.

THE AMERICAN S.E. Market Value Index picked up 0.36 to 123.06 in fairly active trading. Volume 2.53m. shares (2.24m.).

Sklar Manufacturing, which has agreed to sell its Mattaw Forest Products unit for $3.6m., advanced 9 cents to 81.

PARIS—Shares continued Wednesday's good recovery in lively trading, helped by purchases on behalf of Finance companies.

In Foods, Carrefour advanced 27 to Frs.1,365 while, elsewhere, Radiotechnique rose 24 to Frs.359, La Redoute 19.5 to Frs.491, Bouygues 21 to Frs.418 and Peugeot-Citroen 10.5 to Frs.285.5.

BRUSSELS—Local issues were again irregular in quiet trading.

Fabrique Nationale advanced 40 to B.Frs.2,390, UCB 14 to B.Frs.940, and Petrofina 15 to B.Frs.3,850, but Societe Generale Banque receded 80 to B.Frs.2,800 and Cockerill 9 to B.Frs.355.

AMSTERDAM — Stock prices staged a modest rally.

News that RSV is negotiating a major navy deal with Iran sent its shares to Fls.6.50 higher. Other Shipping issues also firmed, led by KNSM, up Fls.3.50.

GERMANY—After the recent reaction, share prices were firmer-inclined yesterday, although trading was hesitant awaiting the outcome of the Bundesbank's Central Bank Council meeting.

Leading Banks were up to DM2.10 better, as in Deutsche, while Engineerings gained up to DM3.20, as in the case of Linde. In Electricals, Varta rose DM4, while AEG and Siemens also hardened.

Preussag, which confirmed that it is omitting the dividend for 1977, shed DM1, leading Chemicals and Motors tended easier.

The Bond market rallied further, showing gains to DM0.50 for Domestic issues. The Regulating Authorities sold DM5.2m. nominal of paper against DM2.6m. sales the previous day.

SWITZERLAND—Prices showed a further modest recovery.

In firmer Banks, Credit Suisse rose 45 to Sw.Frs.2,435 on its earnings report, and Union Bank added 45 at Sw.Frs.3,315 ahead of the results.

Bonds picked up sharply in active trading, with domestic issues firming by around 1 per cent. and Foreign Bonds rising by about 2 per cent.

MILAN—Market continued in mainly firm fettle.

Credito Italiano, Banca Commerciale and Banco Di Roma all rose on continuing rumours of forthcoming capital increases. These rumours, which were recently denied by IRI, the State holding company which controls the Banks, have started circulating again.

Olivetti, Montedison, Snia Viscosa and Anic firmed, but Pirelli, Immobiliare and Fiat eased.

SPAIN—Selling pressure continued unabated, although Banks remained resilient and closed largely unchanged. Banco Banesto were actually 6 points up at 311.

JOHANNESBURG—Golds improved afresh across the board in response to higher Bullion indications, but trading was again slack with little Overseas interest.

Financial Minings, in contrast, were mostly easier, but other Metals and Minerals were marginally firmer on balance.

Industrials closed irregularly, with AMIC 10 cents higher at R8.10 but Tiger Oats 15 cents down at R8.50.

HONG KONG—A slightly firmer tone prevailed following a modest business, with the market showing little reaction to the Budget proposals.

Hong Kong Bank put on 10 cents to $HK17.20 despite some uncertainty about the effects of the banking tax proposals on the Banks sector.

Jardine Matheson shed 20 cents to $HK12.10, partly on selling on London account, but Swire Pacific "A" added 5 cents at $HK5.35.

TOKYO — Mixed movements were the order of the day in reduced but still active trading. The Nikkei-Dow Jones Average edged up 3.31 to 5,213.89, with turnover totalling 290m. shares (580m.).

Some speculatives rose, with Sanko Steamship adding Y6 at Y224 and encouraging other shippings, Alps Electric advancing Y30 to Y775, and Mitsumi Electric Y10 to Y529.

Motors, however, were easier on news that Japan would voluntarily limit car shipments to Britain this year to 1977 levels, while the uncertain outlook for the yen depressed some export-orientated issues, including Canon and Ricoh.

AUSTRALIA—Markets finished mixed but with a firmer bias, with selective buying of Industrials and Minings having taken place towards the close.

BHP ended 2 cents harder at $A5.28, while CSR recovered 6 cents to $A2.61, but News declined 5 cents to $A2.20 and Myer 3 cents to $A1.68.

Pancontinental lost 30 cents more to $A9.60 in easier Uraniums. Elsewhere in Minings, however, Western Mining, despite the poor half-year results, picked up 4 cents to $A1.07. Comalco added 5 cents at $A2.75.

NEW YORK, March 2.

...URSDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
...hall Field	300,200	23½	+2½
...AC Industries	252,900	44½	+3
...r. Tel. & Tel.	271,100	59½	+ ⅛
...M	220,700	229	+ ⅞
...ors	168,100	29⅛	+ ¼
...	166,700	249	−3¼
...er-Dan'ls-Midl.	141,200	14	− ⅛
...ral Electric	138,700	44⅛	+ ⅛
...delphia Elect.	135,400	18½	− ⅛
...awk Data Sc.	134,900	8½	+ ⅛

OTHER MARKETS

Canada rallies

A broad rally took place on Canadian Stock Markets yesterday in a fair business, the Toronto Composite Index gaining 4.2 at 1,010.5. Oils and Gas rose 9.8 to 1,325.9, Golds 8.0 to 1,346.2, Banks 1.05 to 242.54, and Utilities 0.84 to 162.65.

Indices

NEW YORK—DOW JONES

[illegible]

N.Y.S.E. ALL COMMON

Mar. 2	Mar. 1	Feb. 28	Feb. 27	1977/78 High	1977/78 Low
48.60	48.49	48.45	48.21	57.87 (4/1/77)	48.43 (28/2/78)

Rises and Falls

	Mar. 2	Mar. 1	Feb. 28
Issues traded	1,836	1,833	1,877
Rises	740	634	384
Falls	578	669	1,043
Unchanged	518	530	450
New Highs	—	10	15
New Lows	—	107	104

MONTREAL, TORONTO, JOHANNESBURG, STANDARD AND POORS, and overseas indices (Australia, Belgium, Denmark, France, Germany, Holland, Hong Kong, Italy, Japan, Singapore, Spain, Sweden, Switzerland): [illegible]

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM50 denom. unless otherwise stated. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ♦ Frs.500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

Dollar nervous

The foreign exchange market remained very nervous yesterday, and once again there were some wide movements by European currencies against the dollar. Trading was thin, however, reflecting a general reluctance of dealers to enter this highly volatile market.

Expectations of possible controls on the movement of speculative funds into Germany was behind the dollar's early improvement, as it rose to DM2.02 in terms of the D-mark. The lack of any news from Germany pushed the dollar back to DM1.9980, but it improved at the close to DM2.0090, compared with DM2.0150 on Wednesday.

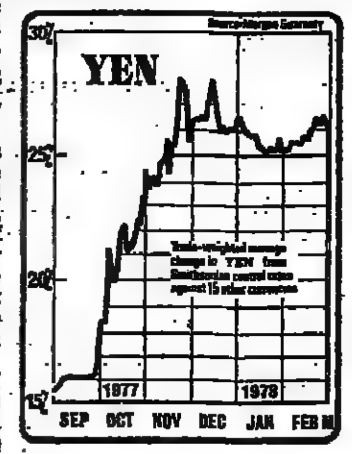
The dollar touched a best level of Sw.Frs.1.85 against the Swiss franc, but fell to Sw.Frs.1.8150, before recovering to Sw.Frs.1.8350 at the close, compared with Sw.Frs.1.83 on Wednesday.

The dollar's trade-weighted index, as calculated by the Bank of England, fell to 90.0 from 90.1, while its trade-weighted depreciation, on Morgan Guaranty figures, widened to 5.58 per cent. from 5.54 per cent.

Sterling's index, according to the Bank of England, was unchanged throughout at 65.1.

The pound opened at $1.9380-$1.9395, and fell to $1.9360-1.9370, before recovering to $1.9445-1.9455 in the afternoon, and closing at $1.9410-1.9420, a rise of 20 points on the day.

Gold rose $1¾ to $184-184¾, the highest closing level since February, 1975.



CURRENCY RATES

	Special Drawing Rights March 2	European Unit of Account March 2
Sterling	0.635488	0.651517
U.S. dollar	1.23272	1.26640
Canadian	1.37880	1.41215
Austria sch.	17.8590	18.2887
Belgian franc	38.4880	39.5401
Danish krone	6.85034	7.01759
Deutschemark	2.47592	2.53551
Dutch guilder	2.64603	2.71729
French franc	5.83138	5.98607
Italian lira	1046.46	1075.82
Japanese yen	293.264	300.695
Norway krone	6.51493	6.67006
Spain peseta	98.6817	101.154
Swedish krone	5.65695	5.77734
Swiss franc	—	2.51757

EXCHANGE CROSS-RATES

Mar. 2	Frankfurt	New York	Paris	Brussels	London	Amst'd'm	Zurich
Frankfurt	—	2.0105-0125	42.30-45	6.402-417	3.89-91	93.10-25	109.80-10.0
New York	49.70-75	—	21.11-14	3.1850-1950	1.9415-9425	46.45-55	54.20-30
Paris	235.9-6.4	4.7245-7355	—	15.157-161	9.18-20	220.70-70	256.6-9.1
Brussels	15.58-63	31.26-31	6.59-62	—	60.64-80	14.52-58	17.05-10
London	3.89½-90½	1.9410-20	9.18-19	60.75-85	—	4.17½-18½	3.55½-54½
Amst'dam	107.23-28	2.1452-77	45.305-355	6.8775-8825	4.1675-1725	—	117.415-465
Zurich	90.80-91.29	1.8270-8310	38.565-710	5.8222-8405	3.5440-5531	84.780-785	—

U.S. $ in Toronto U.S. $ = 111.80-84 Canadian cents.
Canadian $ in New York = 89.38-40 cents. U.S. $ in Milan 850.50-80.
Sterling in Milan 1649.12-1655.12.

EURO-CURRENCY INTEREST RATES*

Mar. 2	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilders	Swiss franc	W. German mark
†Short term	6¾-7	6½-7¼	6¾-7	6-6½	¼-½	3⅛-3½
7 days notice	6¾-7	6¾-7¼	6¾-7	6-6½	¼-½	3⅛-3½
Month	7⅛-7⅞	6½-7¼	7-7¼	5⅝-5⅞	¼-⅜	3⅛-3¼
Three months	7⅞-8⅛	7-7⅝	7¼-7½	5⅛-5¼	[illegible]	3⅛-3¼
Six months	8⅛-8⅜	7⅛-7⅞	7⅝-7⅞	5¼-5½	⅛-⅝	3⅛-3¼
One year	8¼-8½	7¾-8⅛	7⅞-8⅛	5⅝-5⅞	[illegible]	3⅛-3¼

Euro-French deposit rates: two-day 10⅞-10⅛ per cent.; seven-day 11⅞-12 per cent.; one-month 14⅛-14⅞ per cent.; three-month 13⅞-13⅞ per cent.; six-month 12⅞-13⅞ per cent.; one year 12⅝-12⅞ per cent.

Long-term Eurodollar deposits: two years 8[illegible] per cent.; three years 8[illegible] per cent.; four years 8[illegible] per cent.; five years 8[illegible] per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 6.95-7.05 per cent.; three-month 7.15-7.25 per cent.; six-month 7.45-7.35 per cent.; one-year 7.70-7.80 per cent.

* Rates are nominal calling rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars two days' notice for guilders and Swiss francs.

GOLD MARKET

	Mar. 2	Mar. 1
Gold Bullion (a fine ounce)		
Close	$184-184¾	$182¼-183
Opening	$182½-183¼	$183¼-184
Morning fix'g	$183.50 (£94.617)	$183.80 (£94.474)
Aftern'n fix'g	$184.25 (£94.925)	$182.50 (£93.975)
Gold Coin domestically		
Krugerrand	$192¼-194¼ (£99-100)	$192-194 (£99-100)
New Sov'gns.	$58-60 (£29¾-30¾)	$58¼-60¼ (£30-31)
Old Sov'gns	$58-60 (£29¾-30¾)	$58¼-60¼ (£30-31)
Gold Coins (Internat'lly)		
Krugerrand	$189-191 (£97¼-98¼)	$188½-190½ (£97¼-98¼)
N'w Sov'gns	$57-59 (£29¼-30¼)	$57¼-59¼ (£29½-30½)
Old Sov'gns	$58-60 (£29¾-30¾)	$58¼-60¼ (£30-31)
$20 Eagles	$295-298	$297-301

FOREIGN EXCHANGES

Mar. 2	Bank Rates %	Market Rates Day's Spread	Market Rates Close
New York	6½	1.9360-1.9455	1.9410-1.9420
Montreal	7½	2.1640-2.1760	2.1710-2.1720
Amsterdam	4½	4.16½-4.20	4.17½-4.18½
Brussels‡	6½	60.65-60.95	60.75-60.85
Copenhagen	9	10.74½-10.79	10.76½-10.77½
Frankfurt	3	3.89-3.92	3.89½-3.90½
Lisbon	15	78.00-78.99	78.55-78.85
Madrid	8	154.50-155.00	155.40-155.50
Milan	11½	1,647-1,652	1,651-1,652
Oslo	6	10.25-10.27	10.25½-10.26½
Paris	9½	9.14-9.19	9.18-9.19
Stockholm	8	8.88½-8.91	8.87-8.88
Tokyo	4¼	460-470	462-464
Vienna	5½	28.05-28.30	28.08-28.18
Zurich	1	3.53-3.59	3.55½-3.56½

‡ Rates given are for convertible francs. Financial franc 60.70-60.90.

OTHER MARKETS

		Notes Rates	
Argentina	1524-1528	Argentina	1250-1550
Australia	1.6958-1.7128	Austria	27½-28½
Brazil	31.40-32.40	Belgium	60.61½
Finland	7.891½-8.061½	Brazil	35-40
Greece	69.071-70.774	Canada	2.16-2.18½
Hong Kong	8.92½-8.95	Denmark	10.6-10.8
Iran	132-138	France	9.10-9.25
Kuwait	0.535-0.545	Germany	3.80-3.85
Luxemb'rg	60.75-60.85	Greece	67-75
Malaysia	4.5550-4.5700	Italy	1600-1700
N. Zealand	1.8821-1.9089	Japan	415-425
Saudi Arab	6.64-6.74	Netherl'nd	420-430
Singapore	4.4685-4.4835	Norway	10.10-.30
S. Africa	1.6718-1.6978	Portugal	74.85
U.S.		Spain	154-160
Canada		Switz'land	3.50-3.60
C$1		U.S.	1.93-1.95
U.S. cents	89.38-89.38½	Yugoslavia	35½-38

Rate given for Argentina is a free rate.

FORWARD RATES

	One month	Three months
New York	0.10 c. pm-par	0.27-0.17 c.pm
Montreal	0.10 c.pm-par	0.27-0.17 c.pm
Amst'dam	⅛ c.pm-⅛ c.dis	2⅝-1⅝ c. pm
Brussels	10c pm-par	20-10 c. pm
Cop'nhgn.	6½-8½ ore dis	21-25 ore dis
Frankfurt	1¼-⅛ pf.pm	5-4 pf. pm
Lisbon	50-150 c. dis	350-570 c. dis
Madrid	50-120 c. dis	180-260 c. dis
Milan	5-11 lire dis	21-29 lire dis
Oslo	4-6 ore dis	12-14 ore dis
Paris	4½-5½ c. dis	12½-13½ c. dis
Stckho'lm	1⅝-3¾ ore dis	5¾-7¾ ore dis
Vienna	par-10 gro dis	10-20 gro dis
Zurich	2⅛-1⅛ c. pm	7-6 c. pm

Six-month forward dollar 0.65-0.55c pm; 12-month 1.10-1.00c pm.

OVERSEAS SHARE INFORMATION

Inv. $ Prem. at $2.60 to £—85¾% (87¾%)
Effective rate (at 1.9415) 38¾% (39¾%)

NEW YORK

[illegible]

CANADA

[illegible]

GERMANY ◆

[illegible]

AMSTERDAM

[illegible]

COPENHAGEN ♣

[illegible]

VIENNA

[illegible]

TOKYO ¶

Mar. 2	Prices Yen	+ or —	Div. %	Yld. %
Asahi Glass	321		14	2.2
Canon	456	−6	12	1.5
Casio	508	−6	25	2.1
Chinon	390		20	2.6
Dai Nippon Print	517	+2	18	1.7

[illegible]

Source Nikko Securities, Tokyo

BRUSSELS/LUXEMBOURG

[illegible]

SWITZERLAND ●

[illegible]

MILAN

[illegible]

AUSTRALIA

Mar. 2	Aust. $	+ or —
ACMIL (25 cent)	†0.66	+0.01
Acrow Australia	†0.88	
Allied Mnt-Trdg. Indus $1	†2.12	+0.02
Ampol Exploration	†1.15	−0.05

[illegible]

PARIS

[illegible]

STOCKHOLM

[illegible]

BRAZIL

Mar. 2	Price Cruz	+ or —	Div. Cruz	Yld. %
Acesita	1.41	+0.01	0.12	8.51
Banco Brasil PP	400	+0.10	0.17	4.25
Banco Itau PN	1.06		0.16	15.09
Belgo Mineira OP	2.15	+0.07	0.12	5.58
Lojas Amer. OP	3.15	−0.03	0.20	6.35
Petrobras PP	3.68	+0.08	0.10	2.72
Pirelli OP	2.60	+0.12	0.16	6.15
Souza Cruz OP	4.31	+0.01	0.25	5.34

[illegible]

Vol. Cr.177.3m. Shares 76.8m.
Source: Rio de Janeiro SE.

OSLO

[illegible]

JOHANNESBURG

MINES

[illegible]

INDUSTRIALS

[illegible]

Securities Rand $U.S.0.83½ (Discount of 28.5%)

SPAIN ♥

[illegible]

Sheffield steels itself against recession

BY RHYS DAVID, Northern Correspondent

AN OMINOUS sign that the steel industry crisis is beginning to make itself felt among the hitherto resilient private sector producers has emerged with the announcement that Dunford and Elliott, one of the biggest Sheffield groups, is planning a possible 600 redundancies. Another big group, Johnson Firth Brown, has asked the Government to provide temporary employment subsidy to help preserve 550 jobs at its Firth Brown subsidiary.

While the British Steel Corporation—along with most other bulk steel producers around the world—has been amassing huge losses, Sheffield, where most of the very high value steel in Britain is produced, has managed to remain profitable. It has even stepped up its investment over the past year. But Dunford and Elliott, part of the Lonrho group since last year, is evidently beginning to feel the strain of the most prolonged recession the steel industry has experienced since the war.

As a producer of low alloy steel it has a greater degree of overlap in its product range with the BSC than any other Sheffield producer. It is thus obliged to keep its prices competitive with those of the state group. It has also found itself restricted in one of its important markets, the U.S., by the imposition of very tight quota controls aimed at protecting American steel producers from imports.

These are special problems, the answer to which is being sought in efforts to cut down overheads by reducing manning at the company's two steelmaking subsidiaries, Brown Bayley and Dunford Hadfield. However, the wider problem which Dunford and Elliott faces—like all Sheffield steelmakers—is massive world overcapacity.

With too many producers trying to sell to too few customers, the U.K. market has been seriously hit by alleged dumping at prices 40 per cent. or more below those considered economic by the U.K. industry. In addition, it has become much more difficult to export because of the fierce competition in third countries from dumped steel, and because of the effective closure of some markets, such as the U.S., by protectionist measures.

Imports

With much cheaper steel from overseas available, customers in the U.K. have switched from their traditional Sheffield sources of stainless steel, tool and high speed steels, leaving most of the industry operating its plants at 50 per cent. capacity or less. With stainless steel bars, widely used in the motor and engineering industries, import penetration has risen to around 60 per cent. of the market. The situation is broadly similar in stainless steel flat products, an area catered for largely by the BSC. In tool steel—the basic metal for all the cutting, boring and other tools used by industry—the penetration is 50 per cent., and in high speed steels—very hard or heat-resisting steels used in aerospace and other high-technology industries—imports now hold more than 30 per cent. of the British market.

The two main offenders are alleged to be Austria and Sweden, whose special steels sectors have been losing money heavily. But there are other significant exporters to the U.K. All of them have one thing in common, according to Mr. Gordon Poulson, chairman of the Special Steels Committee of the British Independent Steel Producers Association (BISPA). "None of the special steel which is imported into the U.K. comes from companies which are making a profit," he says.

Against this background of depressed trading it is perhaps all the more remarkable that the Sheffield steel industry has managed to avoid serious trouble for so long, but the moves which Dunford and Elliott are now making follow similar, if less-publicised, cutbacks by other companies over the past year. Throughout the sector a very substantial reduction in manning levels has been achieved largely as a result of natural wastage, effectively halving the special steels labour force since 1971 to about 8,000.

The first big drop took place in the period up to 1974, when 6,000 jobs were lost as a result of technological changes which brought in new electric arc furnaces to replace the older, more intensively manned open hearth furnaces, and new automatic processes to replace many of the traditional hand mill rolling and forging operations. The latest cutbacks of around 3,000 over the past two-three years nearly all represent demanning to bring employment down to match reduced demand.

As well as cutting its overheads in this way the industry has also embarked on a major programme of restructuring.

Since nationalisation of the U.K. steel industry 11 years ago, there has been a significant reduction in the number of steelmaking enterprises in the Sheffield area and much greater concentration of the industry in the hands of a small number of large and medium-sized concerns. This grouping of companies has made it possible to rationalise production previously split between various sites, and has also enabled the industry to maintain, even during the present recession, a reasonably high rate of investment in new machinery, much of it designed to save on labour.

Edgar Allen Balfour is currently commissioning at its Manchester works a £4m. new automatic forge built by the Austrian company GFM, and a similar machine, which will be the biggest yet made, is being installed by Firth Brown at Sheffield at a cost of £10m. Osborn Steels has invested in the new AOD (argon-oxygen decarburising) process for stainless steelmaking, and there have been moves by other companies to increase their downstream activities through the acquisition of further tool and engineering interests.

EEC measures

Although these moves have enabled the Sheffield industry *to survive the present recession* in better shape than most other parts of the steel industry in Europe, the question remains whether more dramatic action may not be needed if the market remains weak for very much longer.

The industry's short-term hopes now largely rest on the measures which the EEC Commissioner for Industry, Viscount Etienne Davignon, has introduced to deal with the world steel crisis. Drawn up originally to bring some relief to bulk steel producers, the Davignon system of reference prices setting minimum price levels at which imports may enter the European market has been extended in part to cover special steels. BISPA is now hoping for more complete coverage and an extension beyond the original three-month limit designed to give the Commissioner time to achieve voluntary agreements with leading suppliers.

However, the relief which the EEC measures can bring may be only partial, even if they are extended. The minimum prices are set in most cases much lower than U.K. prices. Furthermore as the regulations stand, they cover only hot rolled products governed by the European Communities Treaty of Paris. Cold rolled products, which often simply involve merely a further stage of processing, are covered by the Treaty of Rome. *Efforts are now being made by* Eurofer, the European steel producers' organisation, which includes BISPA, to obtain an extension so that all products are included where importers could evade restrictions by adding the extra processing stage.

Much of the alleged dumping in Britain, according to BISPA, is being carried out by other Community members, in particular Italy, and perhaps more worryingly by West Germany. Restrictions would not apply in these cases. In high-speed steels, German imports into the U.K. last year rose to 500 tonnes from 30 tonnes the previous year to take 10 per cent. of the market. There have been similar rapid increases in the German supply of tool and stainless steels.

Tapping alloy steel from an electric arc furnace.

The share taken by imports is, however, far from being the industry's only concern for the British market. Imports have been reaching new levels of penetration at a time when the market has in any case been falling in size as a result of problems in two main consuming industries — steel and motors. The British steel industry is now producing substantially less than ten years *ago, reducing demand for the* steel rolls, cutting rods, ladles, buckets, and other heavy duty equipment which it buys from Sheffield. The British car industry similarly uses large quantities of stainless, valve, and other steels in components and has again reduced its purchases to *match its* lower output. Just as important, the car producers and their suppliers are major purchasers of tool steels for producing engine and other components.

It is a threat which inevitably leads to suggestions that *the Sheffield industry should* regroup still further to take into account the shrinkage in its home market and to enable it to compete more effectively once an upturn comes. For though there has been considerable rationalisation, the special steels industry in the U.K. by international standards remains fragmented. In the U.K. there are now *four* main groups accounting for more than two-thirds of total output in each of the three main sectors—stainless, tool and high-speed steels—and about another 18 in each remaining sector bringing up the rear. In Austria, Swed[en] and *West Germany* there [is] now, however, just one com[pany] covering the entire secto[r], each with a total output [of] around 100,000 tonnes. Th[e] total U.K. market for stainle[ss] steel bars, tool and high-spe[ed] steel, is put at 75,000 tonnes [in] times of more normal deman[d] and currently *only* arou[nd] 40,000 tonnes.

Catalyst

Yet, the pace of change h[as] if anything slowed down duri[ng] the recession, after the rush [of] activity in the early 1970s. Th[e] sale by Johnson Firth Brow[n] of its stake in Osborn to th[e] *fast-growing Aurora Holdin[gs]* group could, however, act as [a] catalyst. Aurora has emerge[d] as a steelmaker itself with th[e] *acquisition last year of tw[o]* small companies, Willan an[d] Wm. Oxley, making high-spee[d] steels. It also buys tool stee[l] for its engineering subsidiarie[s] and contracts out some rollin[g,] both areas where it could pr[e]sumably forge a closer relation[]ship with Osborn. Johnso[n] *Firth Brown now holds a sub*stantial minority holding [in] Aurora and may have in min[d] a deal over the longer term whereby its interests in stain[]less steel bars could be pu[t] together with similar Osbor[n] activities.

A lot will obviously depen[d] on how much longer the rece[s]sion lasts, for there are fe[w] companies that have muc[h] fat left from which furthe[r] savings in costs can b[e] obtained. For many producers [it] is now a matter of strugglin[g] through in the hope of bette[r] times.

هكذا من الأصل

[R]ubber pact [ta]lks start [this] autumn

By David Egli

GENEVA, March 2.

[NAT]URAL RUBBER producers [and] consumers to-day unani[mous]ly agreed to hold a nego[tiating] conference later this [yea]r in an effort to conclude an [inter]national commodity agree[men]t. The conference will [prob]ably take place in October [or] November. So rubber has [beco]me the first commodity to [reac]h the stage of hard nego[tiati]ons within the framework of [the] UNCTAD integrated pro[gram]me for commodities.

[M]r. Gamani Corea, UNCTAD's [Sec]retary-General, termed the [dec]ision a welcome break[thr]ough which indicated that [wit]h the requisite political will [it] was possible to make rapid [pro]gress. He hoped the example [wou]ld hasten progress on other [com]modities.

[T]he main lines of a draft [pric]e stabilisation agreement for [nat]ural rubber, with an inter[nat]ional buffer stock as a cen[tra]l element, are expected to be [ha]mmered out between pro[duc]ers and consumers over the [nex]t few months.

[T]he first scheduled meeting [bet]ween consumers and pro[duc]ers is to be held in Kuala [Lu]mpur in May, but other meet[ing]s will be set up before the [con]vening of a group in Septem[ber] whose task will be to pro[duc]e a single working draft for [the] conference.

[T]o-day's decision followed five [pre]vious UNCTAD-sponsored [me]etings at various levels held [sin]ce early last year ostensibly [to] identify the issues and [exp]lore possible solutions to [reg]ulation of international [na]tural rubber trade.

Bergland hopes for wheat pact by summer

WASHINGTON, March 2.

[M]R. BOB BERGLAND, U.S. [Ag]riculture Secretary, told the [Ho]use Budget Committee the [U.]S. Department of Agriculture [str]ongly supported an inter[na]tional wheat agreement and [ex]pected one to be ready for sub[mi]ssion to the U.S. Senate for [ra]tification this summer.

Mr. Bergland said the [ne]gotiators in Geneva were [ex]pected to start dealing with [sp]ecific figures after the French [el]ections.

The present wheat pact expires [on] July 1 and Mr. Bergland said [th]ere would be problems if [ne]gotiations on a new agreement [ov]erlapped the expiry date.

Danes seek to resolve EEC fishing impasse

BY WILLIAM DULLFORCE, NORDIC CORRESPONDENCE

COPENHAGEN, March 2.

THE DANISH Government is ready for direct talks with Mr. John Silkin, the British Minister of Agriculture and Fisheries, if it would help to break the deadlock over the Common Market fisheries issue, Mr. Svend Jacobsen, Danish Fisheries Minister, said here to-day.

But he made it clear that the initiative would have to come from London and that Denmark was not prepared to accept the British claim for a "dominant preference" zone extending to 50 miles. Denmark wanted agreement on a common fisheries policy but along with the other seven in the EEC had already gone a very long way to meet British demands.

Mr. Jacobsen yesterday had a brief meeting with Mr. Finn Gundelach, EEC Commissioner responsible for fisheries, who outlined some compromise proposals before flying on to London for talks with Mr. Silkin. Mr. Gundelach is understood to have some new ideas about the distribution of quotas for EEC fishing in third country zones, notably the Barents Sea. In London, however, Ministry of Agriculture officials denied that Mr. Silkin had met the Commissioner.

A plan for EEC fisheries talks to take place next week in Brussels has now been dropped.

Britain and Denmark are the two largest fishing nations within the EEC. A very large part of the Danish North Sea catch is taken within the 50-mile limit in which Britain is claiming a "dominant preference."

No more cuts

The Danish fishermen's associations suspect that British fishermen plan to take over industrial fishing for sprats, sandeels and Norway pout, which is the basis for Danish fish meal and fish oil manufacturing. The Danes have been alarmed by the opening of a new fish meal factory at Aberdeen and by a report that a second plant is being planned in the U.K. British fishing interests have recently bought more than six Danish boats.

Mr. Jacobsen told the Financial Times to-day that Denmark was ready to reduce its fishing industry if there were biological grounds for doing so, but it could not accept any further cuts for political reasons.

The EEC common fisheries policy was now a political issue, he said. Denmark wanted a quick agreement, because Danish fishermen were unsettled and worried by the present situation. But Denmark could if necessary wait until the British general election, if Britain felt it could not make concessions earlier.

The other eight countries had gone very far to help Britain solve its fishing problems. The changes in quotas proposed by the Brussels Commission in January had given Britain 302,000 tonnes a year more fish for human consumption. Denmark had taken a cut of 75,000 tonnes in its quotas.

Moreover Denmark was respecting the ban on North Sea herring fishing and had enacted a prohibition on Danish fishermen catching Norway pout in the exclusive box claimed by Britain.

In all these ways Denmark had shown its willingness to accept compromises, while Britain had not budged from its original position the Minister said.

Drought hits Brazil soyabeans

BY SUE BRANFORD

SAO PAULO, March 2.

THE DROUGHT that has been affecting southern Brazil since the end of December has led to a cut of at least 15 per cent. in this year's soyabean harvest. Although no official figures have been released, traders estimate that this year's crop will now reach only 10.8m. tonnes, compared with the earlier official estimate of 12.8m.-13.4m. tonnes.

The worst-hit regions are the States of Rio Grande do Sul and Paraña, where the weather continues to be extremely dry and hot. The light showers of rain that began to fall a few days ago have not materialised into the steady downpour that farmers had prayed for. Farmers say that even if it rains now the soya crop will be greatly reduced because the damage is now irreversible.

Harvesting has begun in some areas and farmers are reporting a poor quality crop, with undersized beans. This may well aggravate problems if part of the crop is not up to export standard. In some areas, yields are as much as 30 or 35 per cent. lower than last year.

The drought has affected rice and maize crops even worse than soyabeans. Both are grown in considerable quantities in these States, mainly for domestic consumption. Coffee production is also down in Paraña, possibly by as much as 20 per cent.

Farmers are afraid that climatic conditions may have changed permanently. Over the last two decades farmers have cut down vast areas of forest-land, particularly in western Paraña. Above all after the 1975 frosts, which led farmers to shy away from coffee, new farming areas were planted to soya beans. Problems with soil erosion have already occurred.

Farmers are now suggesting that over the last five years, rainfall has declined by as much as a fifth and that the average annual temperature has gone up by several degrees. Concern is growing that this year's weather may not be just a freak occurrence.

In view of the crop reduction farmers, traders and crushers have reacted particularly favourably to the Government's recent decision to import 800,000 tonnes of soyabeans, mostly from Argentina and Paraguay.

Sr. Benjamin Hammerschmidt, president of OCEPAR (Paraña Co-operative Organisation), commented that it was a good move for Brazil because it would reduce the number of suppliers on the world market, thus strengthening even more Brazil's position.

Other observers said the new measure reflected the Government's concern both to satisfy demand from local crushers for beans and to keep up exports.

Brazil's crushing capacity has grown extremely rapidly over the last couple of years. It is estimated that the crushers, who can now handle about 12.6m. tonnes of beans a year, are operating with about a third of their capacity idle. The situation will get worse later this year. Several new plants are coming on stream, bringing total capacity up to about 15.7m. tonnes.

● Rainy weather has been reportedly moving into the soyabean growing areas of Paraña and Rio Grande do Sul. Moderate to light rain is reported in Londrina, Maringa and Cascavel.

Cutback move lifts copper

By John Edwards, Commodities Editor

COPPER PRICES moved up on the London Metal Exchange yesterday further reacting to the agreement between Peru, Zaire and Zambia to cut back output by 15 per cent. The upward trend was encouraged by a report from Paris that Chile might agree to follow suit when the effects of the cutback are reviewed at the next meeting of the Council of Copper Exporting Countries (CIPEC).

Forecasts of another substantial fall in LME copper stocks this week, following more shipments to the U.S., also gave a firmer tone to the market despite the absence of much consumer buying interest. By the close cash wirebars were £7.75 up at £622.5 a tonne.

Predictions of a fall in tin stocks helped restrain a downward move in prices triggered off by a sharp decline in the Penang market overnight and news that a U.S. Congress sub-committee had approved a Bill authorising the release of surplus stockpile tin.

The Straits tin price in Penang dropped by SM53 to SM1,619 a picul, partly it is believed on fears that the market might be closed because of political problems bringing a high inflow of supplies.

London rallied in the afternoon, however, on physical buying interest and cash tin closed only £37.5 down at £6,222.5 a tonne.

Cocoa market at new high

By Richard Mooney

COCOA PRICES climbed to the highest levels of the year yesterday despite continued sales by producers. The May position ended the day at £1,719.5 a tonne, £92.5 above Wednesday's close, after slipping to £1,620 in the morning and rising to £1,739 in the afternoon.

The market was dominated by commission-house buying which soaked up the trade "hedge" selling against physical purchases. Dealers saw the rise as a continued reaction against the recent downward movement which it is thought took the market into a seriously oversold situation. Most now believe, however, that the recent rally has led to an equally severe overbought position.

Rumours were circulating in the market that a U.S. commission-house and a London dealer were in financial difficulties but it was not clear whether the rumours had contributed to the market's rise.

BRITISH AGRICULTURE

After the frost a sea of mud

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE WEATHER, which dominated my farming last week, is still in command. But instead of frost it has been raining heavily and turning almost every wheelmark or footprint into a river or a lake, and anywhere there is any traffic into a sea of mud. I haven't seen the farm in such a state for years, and it has been worse because the dry frost without snow cover turned the surface soil into dust which has, of course, turned into a sort of porridge with the constant rain.

I had been looking forward to putting on nitrogen to take advantage of the milder weather, and spur on a modicum of growth. But the sprayer used got bogged down in pasture and so far we have had to desist. The whole point of early nitrogen is to get an early bite of grass, and now that I have nearly 500 ewes with lambs, grass, or rather the lack of it, becomes a problem.

During the last week it has certainly greened up a lot with the warm rain. But the newly sown pastures are still very tender and I am keeping the sheep off them until the last moment because they do more damage with their hooves than actual feeding. It always used to be said that cattle had five mouths in a wet time—their own and their hooves—but I have never before in my experience known sheep to have the same effect.

Dead lambs

Lambing has still gone reasonably well considering the weather. The ewes lamb outside, but any that are showing signs of weakness are brought in immediately. The worst trouble has been when it is windy. For some reason best known to themselves, sheep seldom go to shelter but instead tend to drift away in front of wind.

It's not too bad when they are lambing, as they can be picked up, but often those with lambs up to a day old will drift away from their lambs and become separated. Although all the lambs are numbered as soon as they are born to make identification of twins easy, matching up lambs in a field where there are several dozen ewes, all with twins, can take an awful long time.

The worst trouble experienced so far this year has been the birth, often a difficult birth, of dead lambs. On Sunday there were three or four, and the lambs had obviously been dead for a few days. The first thought was that it could have been salmonella or some other infection, but as there have been no recurrences I concluded that it could have been caused by chill, through lying on frozen ground some days before.

This is very distressing. A ewe is worth anything up to £50, and will only lamb once a year, and to have to carry her all the winter and then to produce nothing at the end of it is quite a loss. There are of course inescapable losses with the very large numbers being born, and I try to minimise these by taking the triplets for adoption to ewes which have lost their lambs or those with singles.

At one time this used to be quite an art and involved skinning the dead lamb and persuading its mother to take the stranger clothed in it. It was quite effective but very time-consuming as each operation took a good deal of patience. These days we hold the ewe's head in a sort of yoke, and put two lambs, not necessarily her own, in the pen behind her. After a day or so, most of them have absorbed the ewe's smell and are taken to quite readily.

I have about a dozen of these pens and they are full for most of the time with I would say 90 per cent. success. Sheep become very tame with this operation. I usually look round them last thing at night, and even if they are not in yokes they will feed and drink quite normally. As soon as they are let out they go like stags. The traditional form of resuscitation for a weak lamb is brandy or whisky, but much more successful is warmth, either with an infra red lamp or on a special heated tray which is now on the market. I still provide brandy, but I doubt if the lambs get much of it.

Cold milk

Another change has been feeding those lambs which would not suck. I remember many nights trying to make them do so. The technique is now to slip a tube right into their stomachs and simply pour in the milk, or colostrum from the ewe. It works wonders. They also do as well, if not rather better on cold milk or milk substitute than they ever did when it was warmed up. But I believe babies can now be given their bottles from the refrigerator without harm.

Field work of course is at a standstill. I am not too worried about that yet. The ideal time for planting barley is supposed to be mid-day on March 15. That is still nearly a fortnight away, and the British climate can often compensate for past excesses. I would like though to put some nitrogen on the wheat and winter barley, and am thinking of engaging an aeroplane for this if it does not soon dry up enough to get my tackle into the fields without damage.

Denmark fears bacon subsidy cuts

BY HILARY BARNES

Copenhagen, March 2.

DANISH pig producers are showing signs of optimism for the first time since 1972, but they are afraid that U.K. demands for changes in monetary compensatory amount export subsidies on their bacon may dash their hopes, Mr. J. Esp Sørensen, chairman of the export association Ess-Food, told a meeting to-day.

Pig slaughterings increased by 8.1 per cent. in 1977 on a seasonally adjusted basis, he said. But since 1972 when Denmark joined the Common Market, Danish pig production had fallen by 11 per cent. while total EEC production had risen by 7 per cent.

Mr. Sørensen noted that a recent report from the EEC Commission on the effect of MCAs on pigmeat production had concluded that they had very little influence on trade between EEC countries.

But continued British pressure for a change in the way MCAs were calculated meant that the future remained uncertain for Danish pig producers.

If the U.K. proposals on MCAs were accepted by the Community the subsidies paid to Danish producers would be halved, he said.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER	a.m. Official	+ or —	p.m. Unofficial	†+ or —
	£	£	£	£
Wirebars				
Cash	617-.5	+8	622-.5	+7.75
3 months	631-.5	+5.75	636-.5	+7.75
Settlem't	617.5	+6	—	......
Cathodes				
Cash	607.5-8	+4.5	613.5-4	+1.25
3 months	621-.5	+5	626-7	+1.25
Settlem't	608	+4.5	—	......
U.S. Prod.	—	......	—	......

COPPER—Very steady on the London Metal Exchange following Wednesday's news of production cutbacks and encouraged by the possibility of Chile following its output policy. The forward price moved up steadily from £630 with heavy volumes traded at £631-£631.5. Comex was higher in the afternoon and the close on the Kerb was slightly down from the day's high of £636.5. Turnover 16,100 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £617.5, three months £631, 30.5, 31, 31.5, 31. Cathodes, cash £607.5. Kerb: Wirebars, three months £631, 31.5, 32, 31.5. Afternoon: Wirebars, three months £636, 35.5, 35, 35.5, 37, 36.5, 36, 35.5, 36, 36.5. Cathodes, cash £613.5. Kerb: Wirebars, three months £634, 34.5, 35, 35.5, 36, 35.5.

TIN—Lower on balance but the forward price recovered during the day from a start of £6,050 following the sharp drop in the East overnight. Pre-market there were movements between £6,040 and £6,100, but in the rings the price held above £6,080 and reached a high in the afternoon of £6,150. Short-covering and covering of U.S. physical business, with expectations of stocks decrease contributed to the greater steadiness. The close on the Kerb was £6,140. Turnover 1,095 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	†+ or —
High Grade	£	£	£	£
Cash	6180 85	-72.5	6215 30	-57.5
3 months	6095-110	-60	6145 50	[illegible]
Settlem't	6185	-75	[illegible]	[illegible]
Standard				
Cash	6180-5	-72.5	6215 30	[illegible]
3 months	6090-100	-62.5	6145 50	[illegible]
Settlem't	6185	-75	[illegible]	[illegible]
Straits E.	261019	-55	[illegible]	[illegible]
New York	—	......	*554.00	[illegible]

Morning: Standard, cash £6,180, three months £6,095, 90, 80, 85, 90, £6,100. Kerb: Standard, three months £6,110, 15, 20, 25, 30. Afternoon: Standard, three months £6,130, 40, 35, 40, 50, 45, 50. Kerb: Standard, three months £6,150, [illegible]

LEAD—Higher on the covering of Continental demand for physical metal and buying because of earlier apparent producer interest and rumours of a stock decrease. After starting at £292 forward metal moved erratically upwards to a high for the day of £297 before it closed on the Kerb. The price advanced further after-hours. Turnover 6,[illegible] tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	†+ or —
	£	£	£	[illegible]
Cash	288-.9	+1.75	290.5-1.5	[illegible]
3 months	291.5-2	+2.5	293.5-4	[illegible]
Settlem't	289	+2	—	[illegible]
N.Y. Spot	—	......	—	[illegible]

Morning: Cash £288.5, three months £290, 90.5, 91. Kerb: Three months £293, 94. Afternoon: Cash £[illegible], three months £295, 96, 95, 94.5, 95, [illegible]

ZINC [illegible]

FOOD PRICE MOVEMENTS

	March 2 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton	1,030	1,030	1,030
British A.1 per ton	1,005	1,005	1,005
Irish Special per ton	1,005	1,005	1,005
Ulster A.1 per ton†	1,005	1,005	1,005
BUTTER			
NZ per 20 lbs	10.94/11.05	10.94/11.05	10.94/11.05
English per cwt†	65.27	65.27	63.03
Danish salted per cwt†	70.15/72.41	70.15/72.41	70.15/72.41
CHEESE†			
NZ per tonne	1,161.50	1,161.50	1,161.50
English cheddar trade per tonne	1,219.42	1,219.42	1,219.42
EGGS*			
Home produce—			
Size 4	3.90/4.20	3.60/4.00	3.80/4.40
Size 2	4.30/4.90	4.10/4.70	4.25/4.80
	March 2 p	Week ago p	Month ago p
BEEF			
Scottish killed sides (ex-KKCF)	51.0/53.0	50.0/53.0	48.0/50.0
Eire forequarters	—	—	37.0/38.0
LAMB			
English	50.0/54.0	50.0/55.0	46.0/53.0
NZ PLs-PMs	44.0/46.0	44.0/46.0	—
MUTTON—English ewes	—	—	—
PORK—(all weights)	36.0/44.0	38.0/43.0	35.0/41.0
POULTRY			
Broiler chickens	31.8/35.0	31.0/33.0	31.0/35.0

* London Egg Exchange price per 120 eggs. † Delivered. For delivery March 4-11.

COFFEE

Robustas consolidated at the lower end of the recent range on a quieter day after again testing new lows, Drexel Burnham Lambert reports. Values were unchanged to £25 lower on the day at the steady close. [illegible]

RUBBER

UNCHANGED opening on the London physical market. [illegible]

SILVER

Silver was fixed [illegible] an ounce lower for spot delivery in the London bullion market yesterday, at 256.85p. [illegible]

SOYABEAN MEAL

[illegible]

COCOA

[illegible]

GRAINS

LONDON FUTURES (GAFTA)—[illegible]

SUGAR

LONDON DAILY PRICE for raw sugar £106.00 (£104.00) a tonne cif for March-April shipment. [illegible]

WOOL FUTURES

LONDON—Dull and featureless, Bache reported. [illegible]

JUTE

DUNDEE—Quiet but very firm. Prices c. and f. U.K. for March-April shipment: BWC £290, BWD £280. Tossa: BTC £296, BTD £287. Calcutta goods steady. Quotations c. and f. U.K. for ready shipment: 10-oz 40-inch £10.12, 7½-oz £7.77 per 100 yards: March £10.10 and £7.77: April-June £10.13 and £7.78. "B" twills £30.18 [illegible] for the respective [illegible]. Yarns and cloths [illegible] steady.

VEGETABLE OILS

LONDON PALM OIL—Close: March [illegible] April 297.00-312.00, May [illegible] June 277.00-85.00, July 275.00-[illegible] [illegible]-73.00, Sept. 263.00-73.00, [illegible] Nov. 263.00-73.00. Business nil.

MEAT/VEGETABLES

SMITHFIELD (prices in pence per pound)—Beef: Scottish killed sides 51.0 [illegible] [illegible]

MEAT COMMISSION—Average fatstock prices at representative markets on [illegible] GB—Cattle 64.09p per kg.l.w. [illegible]—Sheep 134.2p per [illegible] (0.7): GB—Pigs 61.9p per [illegible] England and Wales—[illegible] [illegible]

COVENT GARDEN (prices in sterling [illegible] except where otherwise [illegible]) [illegible]

COTTON

COTTON, Liverpool—Spot and shipment sales amounted to 325 tonnes bringing the total for the week to 1,217 tonnes, reports F. W. Tattersalls. Renewed activity in various types was recorded.

PRICE CHANGES

Prices per tonne unless otherwise stated.

	Mar. 2 1978	+ or —	Month ago
Metals			
Aluminium	£680	......	£680
Free Market (cif)	$[illegible]0-60	......	$965
Copper cash W. Bars	£622.5	+7.75	£620
3 months do. do.	£636.25	+7.75	£633
Cash Cathode	£613.75	+9.25	£610.5
3 months do. do.	£626.5	+8.25	£623.25
Gold Troy oz.	$184.575	+1.75	$174.625
Lead Cash	£291	+2.75	£307
3 months	£293.75	+3.5	£315
Nickel	—	......	—
Free Market (cif)	$1.84-2.09	......	$1.85-.50
Platinum troy oz.	£108.5-114.50	......	£98
Free Market	£118.75	+1.0	£110.25
Quicksilver (76lb.)	$123 28	......	$142.5
Silver Troy oz	256.85	—0.05	258
3 months	261.25	—0.15	256.65
Tin Cash	£6,222.5	—37.5	£6,645
3 months	£6,147.5	—25.0	£6,207.5
Wolfram 22.0lb. cif	$139-46	......	$155-60
Zinc cash	£246.75	+3.75	£246
3 months	£246.75	+1.5	£250.75
Producers	$550	......	$600
Oils			
Coconut (Phil)	$620	+20.0	$565
Groundnut	£601	......	£609
Linseed Crude (s)	£295	......	£266
Palm Malayan	$545	+14.0	$603
Seeds			
Copra Philip	$425	+10.0	$398.5
Soyabean (U.S.)	$252.6	+5.6	257.7
Grains			
Barley EEC			
Home Futures	£70.85	+0.4	£75.1
Maize			
French No. 3 Am	£100	......	£98
Wheat			
No. 1 Red Spring	£86.25	+0.75	£84
No2 Hard Winter	‡	......	‡
English Milling	£94	......	£94.5
Cocoa Shipment	£1,785	+87.0	£1,566.5
Future May	£1719.5	+92.5	£1,476.2
Coffee Future			
May	£1,452.5	—25.0	£1,629.5
Cotton 'A' Index	67.2c	—0.05	65.85c
Jute UA ABC	$457	......	$457
Rubber kilo	47.5p	......	46.25
Sisal E KASL	$520-40	......	$525-45
Sugar (Raw)	£106	+2.0	£111
Woolt'ps 64s kilo	271p	......	267p

Nominal. ‡ Unquoted. a Seller's quotation. c Cents a pound. v Ex-tank London-Hull. q April. t March-April. u Feb.-April. w March-May. y April-May. z May. x Per ton.

INDICES

FINANCIAL TIMES

Mar. 2	Mar. 1	Month ago	Year ago
227.88	227.04	226.41	283.60

(Base: July 1, 1952=100)

REUTER'S

Mar. 2	Mar. 1	Month ago	Year ago
1388.5	1380.0	1397.8	1701.0

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Mar. 2	Mar. 1	Month ago	Year ago
Spot	355.94	352.86	348.70	430.25
Future	333.33	331.30	331.84	417.87

(Average 1924-25-26=100)

MOODY'S

Moody's	Mar. 2	Mar. 1	Month ago	Year ago
Spie Commty	896.0	891.0	909.9	952.8

(December 31 1931=100)

★

GRIMSBY FISH—Supply good and demand fair. Prices per stone at ship's side (unprocessed): Shelf cod £4.00-£4.50, codlings £2.40-£3.00; large haddock £5.50, medium £4.20-£4.90, small £3.00-£3.80; large plaice £2.40-£2.60, medium plaice £2.40-£2.80, best small £2.60-£3.70; large skinned dogfish £7.50, medium £6.50; large lemon soles £10.00, small £8.00; saithe £1.75.

U.S. Markets

Cocoa and gold rally: copper firm

NEW YORK, March 2.

PRECIOUS METALS closed higher on speculative buying after what was considered a constructive demand for gold at the monthly IMF auction. Copper was firm on mixed buying following market rumours of a possible increase in the production cut-back. Cocoa finished limit-up on Commission-House stop-loss buying following London's strong performance, Bache reports.

Cocoa—March 156.50 (147.95), May 144.05 (138.05), July 140.00, Sept. 137.05, Dec. 134.00, March 131.00, May 130.15, July 128.55 settlements. Sales 1,130.

Coffee—"C" Contract: March 172.75 (179.63), May 155.86 asked (159.88), July 141.98 asked, Sept. 136.90 asked, Dec. 125.00 asked, March 123.00 asked, May 119.51, July 118.51 asked. Sales, 472 lots.

Copper—March 56.30 (55.40), April 56.70 (55.90), May 57.20, July 58.20, Sept. 59.20, Dec. 60.70, Jan. 61.20, March 62.20, May 63.20, July 64.20, Sept. 65.20, Dec. 66.70, Jan. 67.20 settlements. Sales, 4,000 lots.

Cotton—No. 2: March 55.20-55.30 (55.40), May 56.50-56.55 (56.77), July 57.67, Oct. 58.80-58.85, Dec. 59.42, March 60.62-60.70, May 61.05-61.30, July 61.40-62.00. Sales, 225,000 bales.

*Gold—March 183.80 (182.80), April 185.00 (184.00), May 186.30, June 187.70, Aug. 190.30, Oct. 192.90, Dec. 195.60, Feb. 198.40, April 201.40, June 204.40, Aug. 207.40, Oct. 210.40, Dec. 213.40, Feb. nil. Sales, 10,000 lots.

†Lard—Chicago loose 23.00 (22.50), New York prime steam 24.37 traded (24.00 traded).

‡Maize—March 228-227½ (225½), May 232-231 (229½), July 233-233½, Sept. 229, Dec. 229½-230½, March 237½-238.

§Platinum—April 229.50-230.40 (229.30), July 233.60-234.50 (233.30), Oct. 237.80-238.00, Jan. 241.80-242.00, April 245.80-246.00, July 249.80-250.00. Sales, 2,038 lots.

§Silver—March 498.90 (493.50), April 501.70 (496.60), May 505.40, July 512.90, Sept. 520.40, Dec. 532.10, Jan. 535.90, March 543.80, May 551.70, July 559.60, Sept. 567.60, Dec. 579.60, Jan. 583.60 settlements. Sales, 7,500 lots. Handy and Harman spot bullion 500.50 (493.30).

Soyabeans—March 603-601½ (604½), May 613-610 (613), July 616-615, Aug. 613-615, Sept. 603, Nov. 591-590, Jan. 596-597, March 608-606.

‖Soyabean Meal—March 157.50-157.00 (155.10), May 161.50-162.00 (159.40), July 164.50-164.10, Aug. 165.00-164.50, Sept. 162.30, Oct. 159.50, Dec. 163.00-162.50, Jan. 162.50-163.00, March 163.50-165.00.

Soyabean Oil—March 23.00 (23.62), May 22.73-22.80 (23.13), July 22.65-22.55, Aug. 22.35, Sept. 22.00-21.87, Oct. 21.25, Dec. 21.15-21.05, Jan. 21.05, March 21.10.

Sugar—No. 11: May 8.70-8.81 (8.82-8.83), July 9.09 (same), Sept. 9.32, Oct. 9.43-9.44, Jan. 9.75-9.95, March 10.11-10.14, May 10.31-10.33, July 10.48-10.50. Sales, 1,580.

Tin—553.00-555.00 asked (558.50 asked).

**Wheat—March 260½-260¼ (259), May 266½ (265½), July 268¾-268½, Sept. 272½, Dec. 278¼, March 285½ asked.

WINNIPEG, March 2. ††Rye—May 108.80 (108.40 bid), July 106.40 bid (105.90 asked), Oct. 105.60, Nov. 106.00 traded.

††Oats—May 76.90 bid (76.80 bid), July 73.80 nom. (73.80 bid), Oct. 72.40 bid.

‡‡Barley—May 79.20 (78.40), July 77.70 (77.50 asked), Oct. 77.30 bid.

§§Flaxseed—May 220.00 bid (220.00), July 223.60 bid (222.00 bid), Oct. 226.00 bid, Nov. 226.50 bid, Dec. 224.50 bid.

¶¶Wheat—SCWRS 13.5 per cent. protein content cif St. Lawrence 151.22 (150.61).

All cents per pound ex-warehouse unless otherwise stated. * $s per troy ounce—100 ounce lots. † Chicago loose $s per 100 lbs—Dept. of Ag. prices previous day. Prime Steam f.o.b. NY bulk tank cars. ‡ Cents per 56 lb bushel ex-warehouse, 5,000 bushel lots. § $s per troy ounce for 50 ounce units of 99.9 per cent. purity delivered NY. ¶ Cents per troy ounce ex-warehouse. ‖ New "B" contract in $s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Chicago, Toledo, St. Louis and Alton. ** Cents per 60 lb bushel in store. †† Cents per 24 lb bushel. ‡‡ Cents per 48 lb bushel ex-warehouse. §§ Cents per 56 lb bushel ex-warehouse, 1,000 bushel lots. ¶¶ $C per tonne.

STOCK EXCHANGE REPORT

Equities weak but gilt-edged close well above worst

Share index falls 10.4 to 433.4—EMI results disappoint

Option

*First Dealings	Declarations	Last Dealings	Account Day
Feb. 13	Feb. 23	Feb. 24	Mar. 7
Feb. 27	Mar. 9	Mar. 10	Mar. 21
Mar. 13	Mar. 30	Mar. 31	Apr. 11

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Equity shares turned weak yesterday, the recent firm undertone giving way as increased offerings came to an unwilling market. An early mark-down left the FT Industrial Ordinary share index at 10 a.m. with a loss of 2.1 which was stretched to 8.2 at 3 p.m. and to 10.4 by the close of 433.4, its lowest since July 26.

Mr. Healey's warning that the 3½ per cent economic growth envisaged by the Government would not be met this year in the absence of a significant stimulus in the Budget helped to keep buyers on the sidelines, while EMI underlined once again the difficulties facing international trading concerns with yesterday's reported 47 per cent. short-fall in pre-tax profits at the half-way stage. The drop of 23 to a 1977-78 low of 141p in the EMI share price accounted for over two points of yesterday's index fall, while nine other index constituents also figured in our Chief Price Changes feature with above-average losses.

British Funds, on the other hand, steadied to end with falls limited to ¼, after ¾, while short-dated issues closed only marginally easier awaiting the start of trade to-day in the new tap stock. The Government Securities index, at 74.44, shed 0.08 of the previous two-day rally of 0.32.

Gold bullion made further headway with a rise of $1¾ to $184¾ for an overall gain of more than $19 since the beginning of the year, but Gold shares made only a muted response with a rise in the Gold Mines index being limited to 0.5 at 162.6.

Official markings stayed low at 4,592 and compared with Wednesday's 4,284 and the week-ago 3,227. The FT-Actuaries Industrial group index came off 1.3 per cent, at 188.02, but steadier oils clipped the loss in the All-share Index to one per cent. at 191.15. However, renewed weakness in North Sea oil-orientated stocks caused another five percentage points to be knocked off the Newspaper, Publishing sector index. In all FT-quoted equities, falls outnumbered rises by almost 7-to-2.

Long Gilts sensitive

British Funds illustrated their current sensitivity by reacting sharply to only modest sales and regaining much of the loss in business after the official close. The volatility was most apparent at the longer end of the market where quotations fell at one stage by ½ on routine sales and, more importantly, a general apathy on the part of buyers. For much of the official session the recovery was small, but confidence returned after hours and the falls were reduced to ¼. Meanwhile, the shorts had fluctuated within a noticeably narrower range awaiting to-day's first-time dealings in the new tap, Exchequer 8¾ per cent. 1983 which is expected to start at a small premium; losses of about ⅛ in the shorts were halved in the late evening dealings. Occasional falls of ¼ marked Corporations while the two newcomers in recently-issued Fixed Interest stocks made quiet debuts; Mid-Sussex 7 per cent. Preference 1983 settled at 12¼, in £10-paid form, while FFI 10 per cent. Sterling Bonds 1989 closed at 98⅞.

Early demand was insufficient to counter arbitrage selling of investment currency and rates went easier before institutional and other buyers were attracted. A reasonable and better-balanced trade ensued at the cheaper levels and the premium rallied from the day's lowest of 85¼ per cent. to close a net 1¾ points down at 85¾ per cent. Yesterday's SE conversion factor was 0.7186 (0.7138).

Royals please

With the exception of Royals which gained 3 to 355p, after 356p, in response to better-than-expected preliminary results, Composite Insurances were easier for choice in an increased business. General Accident cheapened 5 to 203p on further consideration of Wednesday's results, while Guardian Royal Exchange shed 4 at 216p and Eagle Star 2 to 132p. Sun Alliance gave up 3 to 511p as did Commercial Union to 141p.

Quiet conditions prevailed in Banks where Lloyds receded 5 to 243p and Midland lost 4 to 332p. Elsewhere, a resurgence of buying interest in a thin market prompted a fresh gain of 1½ to 10p, after 20p, in George Sturla among Hire Purchases. Allen Harvey and Ross, 475p, were unmoved by the results in Discounts where Seccombe Marshall and Campion fell 10 to 190p.

Davenports' initially maintained their recent advance in active trading but after reaching 103p reacted to close a penny cheaper on balance at 101p. Other Breweries marked time with the exception of A. Guinness, which fell 3 to 154p. Distilleries had an easier bias, A. Bell, losing 4 to 198p as did Distillers, to 163p.

In common with other market leaders, AP Cement drifted lower on persistent selling and closed 7 down at 223p: the company has been given the go-ahead for a near 5 per cent. price rise while its proposed increases are being investigated by the Price Commission. Elsewhere in Buildings, London Brick cheapened 1½ to 82½p with sentiment not helped by adverse comment and F. J. C. Lilley were on offer again at 64p, down a further 3. Buyers, however, showed interest in Federated Land and Building which improved 3 to a 1977/78 peak of 41p. Ellis and Everard gained a similar amount at 72p and Bryant Holdings hardened a penny to 49p.

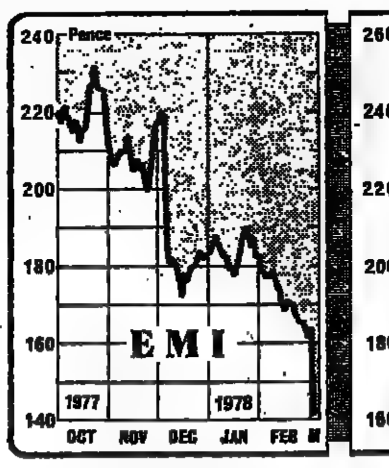
ICI closed 5 off at the day's lowest of 328p in dull Chemicals where Hickson and Welch declined 7 to 161p and Hoechst a similar amount to 455p.

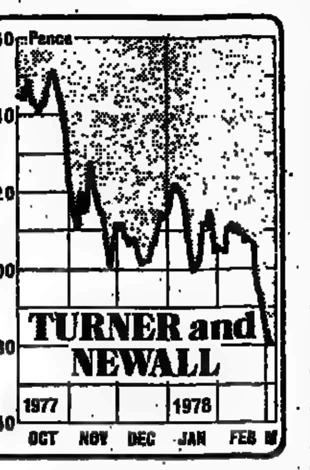
EMI slump

Interim results disappointingly below market estimates accompanied by a forecast of annual profits well short of the previous year's level prompted marked weakness in EMI; already easier at 152p in front of the figures, EMI were marked down further to around 146p on them but rallied momentarily to 152p following some bear closing before falling away on a steady stream of selling to close at the day's lowest of 141p for a fall of 28 on balance. Other Electrical leaders were unsettled by the EMI statement, in particular, GEC which gave up 8 at 237p. Thorn eased 4 to 340p and Plessey were 2 cheaper at 90p. Among secondary issues, Decca, 395p, and the "A," 385p, gave up 10 apiece, while Racal fell 7 to 196p and MK Electric 5 to 139p. Pifco A eased 4 to 90p and falls of around 2 were sustained by Westinghouse, 42p, BICC, 99p, and Ward and Goldstone, 88p.

Rumours that a Japanese supplier had run into liquidity problems brought selling pressure to bear on Dixons Photographic which touched 126p before closing 6 down on balance at 128p despite a reported denial of any such trouble from Dixon's finance director. Vantona declined 6 to 111p, after 110p, on the disappointing annual profits, while losses of 2 and 3 respectively were seen in Freemans (London), 248p, and H. Samuel A, 240p. Leading Stores were easier with Burton A, 103p, and House of Fraser, 120p, both 3 cheaper.

Falls in the leading Engineerings were fairly substantial, Hawker reacting 8 to 166p, John Brown 6 to 276p and Tubes a similar amount to 370p. GKN cheapened 5 to 265p, but Vickers held up relatively well and closed only a penny lower at 178p, after 177p. Elsewhere, Peter Brotherhood provided a firm feature at 124p, up 7, on renewed takeover talk, while other bright spots included J. and H. B. Jackson, which rose 2 to 25p in response to Press comment, and Hartle Machinery, 3 higher at 24p, on speculative buying. In contrast, sporadic offerings left Averys 3 cheaper at 146p and Simon Engineering a like amount down at 202p. Falls of 2 were recorded in Capper Neill, 56p, Newman Tonks, 59p, and G. M. Firth, 22p, while Birmid Qualcast eased 1½ to 59p following the annual statement. Westland, down a penny at 45½p, failed to benefit from the major helicopter deal.





Foods rarely moved more than a penny or two from the overnight levels with the exception of Associated Dairies, which fell 7 to 205p. Spillers gave up a penny at 27p, while Geo. Bassett, 128p, and J. Bibby, 185p, lost 2 apiece. Of the few firm spots, Avana hardened ½ to 30½p and Highgate and Job 2 to 56p.

Hotels and Caterers also had few noteworthy movements. Trust Houses Forte ended a penny easier at 166p, after 168p, while Grand Metropolitan eased 1½ to 87p. Small buying, however, left M. F. North and Prince of Wales both 2 better at 38p and 115p respectively. Myddleton, at 300p, made no response to the improved first-half figures.

Misc. leaders dull

Recent nervousness about Turner and Newall's annual results proved not unfounded yesterday when the disappointing preliminary profits, which were around £3m. below market estimates, saw the shares ease further to touch 176p before closing 3 more down at 180p, making a decline on the week so far of 16. Other miscellaneous industrial leaders also gave ground with dealers reporting more stock on offer. Beecham fell 18 to 595p and Glaxo 10 to 520p, while Rank Organisation cheapened 3 to 231p as did Reckitt and Colman, to 392p. Unilever at 480p, lost 4 of the previous day's gain of 6; the annual results are due next Tuesday. Elsewhere, reflecting recent adverse comment on North Sea oil revenues, I.C. Gas fell 10 to 315p, while Steetley relinquished 6 to 174p ahead of next Wednesday's preliminary figures. Hoskins and Horton, however, revived with a gain of 7 to 143p on further consideration of the large shareholding which changed hands recently. Still reflecting an investment recommendation, M. Y. Dart added 2 more at 61p and a sharp upsurge in profits and a proposed 20 per cent. scrip-issue helped British Vita improve 2 to 82p, after 85p. Buying ahead of the results, due on March 16, brought about a similar gain in Gibbons Dudley at 56p. With its bid for Pontins now over 80 per cent. accepted, Coral Leisure moved forward 8 to 106p.

Motors and Distributors spent another quietly dull session. Losses of 4 were seen in Dunlop, 78p, and Dowty, 161p, while Lucas Industries fell 7 to 240p; the latter's interim figures were announced on March 31 last year. Kenning reacted 8 to 65½p on the chairman's profits warning. Elsewhere, Godfrey Davies closed 3½ easier at 75p and H. Perry 4 cheaper at 146p. W. J. Reynolds, however, hardened 2 further to 29p with the help of further call-option business.

Thomson remained under the cloud of recent comment downgrading potential North Sea oil revenue and pubicity given to a chart "sell" recommendation and fell 15 more to 155p, for a loss on the week so far of 35. Elsewhere, Mills and Allen stood out with a jump of 13 to 158p in fairly active trading on news of the first-half profits upsurge.

Properties drifted lower in places on scattered offerings and continued lack of support. Land Securities, 203p, and MEPC, 114p, both gave up a few pence among the leaders, while secondary issues to record losses of around 2 included Chesterfield, 295p, Stock Conversion, 234p, and Great Portland, 296p. Bellway, at 55p, held Wednesday's rise of 6 despite the company's denial of bid rumours.

BP steadier

British Petroleum were relatively steady after the recent setback, rallying to 726p before easing back in the late dealings on U.S. advices to closeu naltered on balance at 720p. Shell also ended unchanged at 485p, after moving within fairly narrow limits. Outside the leader, Siebens (U.K. en-) countered fresh selling and dipped 10 more to 226p, while CCP eased 25p furthre to 900p, but other North Sea issues took on a steadier appearance.

Among Overseas Traders, Lonrho shed 2 more to 67p despite news of the recovery by its Dunford and Elliott steel-making subsidiary. Jamaica Sugar, a good market of late on compensation hopes, finished marginally cheaper at 17p, but satisfactory preliminary figures took African Lakes up 5 to 305p.

International Pacific Securities enlivened a lacklustre Investment Trust sector with a late improvement of 15 to 145p on the announcement that the directors are recommending unitisation proposals. Elsewhere, Clifton Investments eased ½ to 8p on small offerings in an unwilling market. In Financials, Grimshawe were lowered 5 to 20p on small selling in a restricted market. Armour Trust, a firm market of late, closed a shade easier at 7½p, while Authority Investment, 36½p, and Scottish and Mercantile "A", 103p, lost 2½ and 3 respectively.

Hunting Gibson stood out in Shippings, rising 20 to 200p on small buying in a thin market. Other issues closed with modest losses following a quiet trade. Furness Withy closed 2 off at 246p, while P & O Deferred, 95p, and Ocean Transport, 122p, gave up a penny apiece. In thin markets, J. Fisher fell 4 to 112p and Common Bros. 5 to 140p.

Textiles remained out of favour and Courtaulds reacted 4 to 108p. Tobaccos were barely tested. Imps closed a penny off at 73p and BAT Industries Deferred 4 cheaper at 248p.

Plantations were noteworthy only for a rise of 3½ points to £26½ in Sungei Krian Rubber on the substantially increased earnings and capital proposals.

Late rally in Golds

South African Golds staged a good recovery after losing ground at the outset of trading. The initial downward movements reflected the decline in the securities Rand and the investmet currency premium.

However, as the bullion price resumed its upward path following the satisfactory outcome to the International Monetary Fund gold auction, London interest and chartist buying took share prices above the previous day's levels. Also aiding the rally in Golds were rumours of the imminent signing of an internal settlement agreement in Rhodesia.

The bullion price was finally $1.75 up at $184.375 per ounce, its highest closing level since February 24, 1975, while the Gold Mines index registered a 0.5 gain to 162.6.

Among heavyweights Randfontein closed ¼ firmer at £34¼, after £34½, while Hartebeest rallied from £11½ to close unchanged on balance at £11⅞. Medium priced issues attracted a good deal of interest with Winkelhaak another 13 better at a 1977/78 high of 714p and Welkom 4 up at a 1977/78 high of 271p.

In contrast with Golds, South African Financials failed to arouse much interest. Persistent overseas selling of De Beers lowered the shares to 312p, while "Johnnies" gave up ½ at £11½ and Union Corporation 5 at 275p.

In Platinums Lydenburg [illegible] ended 2 to 65p. London-registered Financials weakened in line with U.K. equities, with Rio Tinto-Zinc 3 lower at a 1977/78 low of [illegible] and Charter 2 off at 123p.

Tins were featured by weakness of Saint Piran which dropped 5 to 69p following persistent selling from one source in a reluctant market.

FINANCIAL TIMES STOCK INDICES

	Mar. 2	Mar. 1	Feb. 28	Feb. 27	Feb. 24	Feb. 23
Government Secs.	74.44	74.52	74.41	74.20	74.71	75.09
Fixed Interest	77.53	77.46	77.61	77.54	77.63	77.67
Industrial Ordinary	433.4	443.8	443.4	441.8	444.2	445.3
Gold Mines	162.6	162.1	158.9	159.5	158.2	157.1
Ord. Div. Yield	6.19	6.06	6.06	6.08	6.05	6.06
Earnings Yld % (full)	18.43	18.03	18.02	18.08	17.93	18.01
P/E Ratio (net) (*)	7.62	7.79	7.78	7.79	7.83	7.82
Dealings marked	4,592	4,284	4,792	5,942	5,173	5,227
Equity turnover £m.	—	—	68.81	60.06	70.12	77.87
Equity bargains total	—	11,490	13,602	14,268	13,832	12,574

10 a.m. 441.7. 11 a.m. 440.6. Noon 438.9. 1 p.m. 438.6. 2 p.m. 438.3. 3 p.m. 435.6.

Latest Index 01-246 8026.

* Based on 52 per cent. corporation tax. † Nil=7.87.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1977/78 High	1977/78 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	79.85 (30/9)	60.49 (4/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1/78)	60.49 (4/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	549.2 (14/9)	357.6 (13/1)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	174.5 (14/10)	95.1 (1/2)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Mar. 2	Mar. 1
Daily Gilt-Edged	165.2	[illegible]
Industries	133.2	[illegible]
Speculative	43.9	[illegible]
Totals	104.5	[illegible]
5-day Average Gilt-Edged	166.9	[illegible]
Industries	170.0	[illegible]
Speculative	41.7	[illegible]
Totals	112.6	[illegible]

NEW HIGHS AND LOWS FOR 1977/78

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1977-78.

NEW HIGHS (20)

BANKS (1) Sturla (G.)

BUILDINGS (3) Fed. Land [illegible]

CHEMICALS (1) Ransom (Wm.)

CINEMAS (1) Scottish TV A

ENGINEERING (2) Brotherhood (P.) Cooper (F.)

HOTELS (1) Prince of Wales

PAPER (2) Lon. & Prov. Poster, Mills & Allen Intl.

TEXTILES (1) Mackinnon

TRUSTS (1) Int. Pacific

RUBBERS (2) Highlands Malakoff, Sungei Krian

MINES (3) Grootvlei, Winkelhaak, Southvaal, Welkom

NEW LOWS (6)

AMERICANS (1) Tenneco 10pc. [illegible]

ELECTRICALS (2) EMI [illegible]

INDUSTRIALS (1) Ims. Cont. Gas

SHIPPING (1) Runciman (W.)

OILS (1) CCP North Sea

OPTIONS TRADED

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Feb. 21	Mar. 6	May 25	Jun. 7
Mar. 7	Mar. 20	Jun. 8	Jun. 21
Mar. 21	Apr. 10	Jun. 22	July 5

For rate indications see end of Share Information Service

Stocks favoured for the call included Telephone Rentals, Grand Metropolitan, Trust Houses Forte, Brittannia Arrow, Furness Withy, Mills and Allen, Pancontinental, English Property, Burmah Oil, Ladbroke and Warrants, W. J. Reynolds, St. Piran, Tate of Leeds, Greencoat Properties, Royal Insurance, Premier Consolidated Oil, H. Wigfall, Suits, Sothebys, Sanderson Keyser, P. and O. Deferred, Coral Leisure, Hay's Wharf, Barratt Developments and Stewart Plastics. Puts were taken out in Time Products, BP, Ultramar, Ladbroke Warrants, Solicitors' Law and Magnet and Southerns, while doubles were arranged in Grand Metropolitan, Mills and Allen, Ladbroke Warrants, Lorair Gold, Electronic Rentals, Sun [illegible] Premier Consolidated Oil and Brittannia Arrow.

Rises and Falls yesterday

	Up	Down	Same
British Funds	—	52	[illegible]
Corpns. Dom. and Foreign Bonds	1	16	4
Industrials	139	462	[illegible]
Financial and Prop.	52	112	[illegible]
Oils	—	8	[illegible]
Plantations	4	2	2
Mines	27	36	[illegible]
Recent Issues	3	3	[illegible]
Totals	226	696	[illegible]

STOCK EXCHANGE BUSINESS IN FEBRUARY

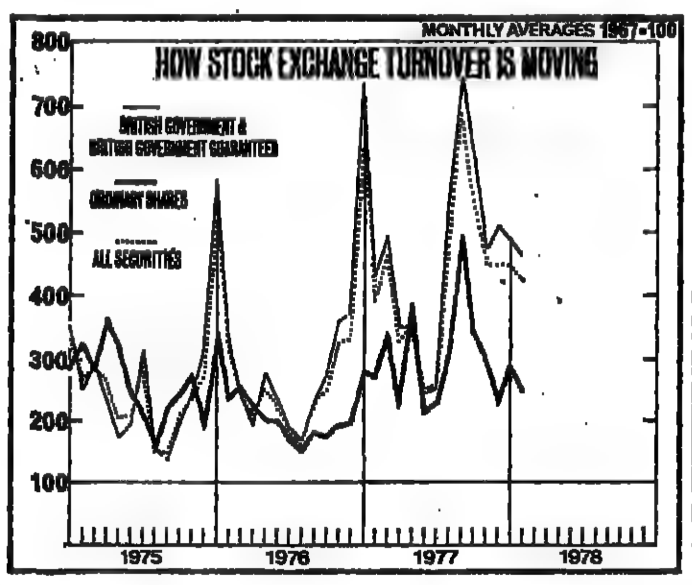
Turnover at 7-month low

BY GEOFFREY FOSTER

TRADE in stock markets contracted further last month as investors' confidence deteriorated on continuing uncertainty over the economic outlook. Business in all securities was down £0.9bn., or slightly more than 6 per cent., to £13.8bn. This was the lowest since last July's £8.4bn. and more than 38 per cent. off last September's all-time record of £22.4bn. The number of bargains transacted fell 75,292 to 420,787.

The FT Stock Exchange turnover index fell from 451.5 in January to 423.5 which compares with last year's monthly average of 442.6.

Business in equities declined £0.2bn. to £1.4bn. last month with the number of bargains transacted 40,356 lower at 297,920. There was one less trading day in February. The average value per equity bargain cheapened by £91 to £4,697. The FT turnover index for Ordinary shares eased to 249.7 from January's 289.0 and compares with the 1977 average of 299.9.



Sentiment

Equity prices drifted lower throughout the month with buyers again content to sit on the sidelines. Bearish factors inhibiting interest included the unaccountably bad January trade figures, poor money supply figures, disappointing fourth-quarter profits from ICI and persistent rumours of a failure in the shipping world.

The Prime Minister's warning that Western industrialised countries could face a wave of protectionist measures in the next few months also undermined sentiment as did the continuing weakness of the U.S. dollar.

From an end-January level of 467.0, the FT 30-share index declined in thin trading to close the month 23.6 points, or 5.05 per cent. down, at 443.4. This was slightly over 19 per cent. off its all-time peak of 549.2 recorded five months earlier.

Business in gilt-edged securities decreased by £0.6bn. to £10.95bn., the lowest since last July's £6bn. Trade in the medium and longer-dated maturities fell by £1.26bn. to £3.7bn. but business in short-dated stocks improved by £0.6bn. to £7.25bn., reflecting the markets' current lack of interest in gilts at the longer end because of the many uncertainties.

Continental holders especially became concerned but their profit-taking sales were largely absorbed by domestic banking institutions which have been building up their eligible liabilities in case "corset" controls are reintroduced.

The number of gilt-edged bargains fell by 9,303 to 72,590 with dealings in the mediums and longs 7,998 lower at 46,306. Short-dated bargains decreased by only 1,305 to 26,284. The FT turnover index for British Funds was 463.6 compared with January's 489.1 and the 1977 average of 478.8.

The Government Securities index fell from an end-January figure of 75.61 to close the month 1.20 points, or 1.6 per cent., lower at 74.41; this compares with the 1977/78 high of 79.85 recorded last September.

Largely reflecting a $7.50 jump in the price of gold bullion in February helped by currency doubts, Gold shares took January's improvement a useful stage further. The FT Gold Mines index rose 7.9 points to close February at 158.9: it has risen 25.7 points, or 19.3 per cent., in the first two months of the year.

Category	Value of all purchases and sales £m.	% of total	Number of bargains	% of total	Average value per day £m.	Average value per bargain £	Average no. of bargains per day
British Govt. and British Govt. Guaranteed							
Short Dated (having five years or less to run)	7,250.2	52.4	26,284	6.2	362.5	275,841	1,314
Others	3,703.2	27.0	46,306	11.0	185.2	79,973	2,315
Irish Govt.							
Short Dated (having five years or less to run)	501.8	3.6	2,410	0.6	25.1	208,222	121
Others	382.7	2.7	4,122	1.0	19.1	92,855	206
U.K. Local Authority	396.8	2.9	7,444	1.7	19.8	53,300	372
Overseas Govt. Provincial and Municipal	42.1	0.3	1,600	0.4	2.1	26,299	80
Fixed Interest Stock							
Preference and Preferred Ordinary Shares	143.5	1.0	34,701	8.3	7.2	4,135	1,735
Ordinary Shares	1,399.5	10.1	297,920	70.6	70.0	4,697	14,986
Total	13,819.8	100	420,787	100	691.0	*32,843	*21,039

* Average of all securities

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1977-8 High	1977-8 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
—	—	—	—	—	Nil						

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1977/8 High	1977/8 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1977/8 High	1977/8 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. r Dividend and yield based on prospectus or other official estimates for 1979. q Gross. † Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of Ordinary shares as a "rights." ** Issued by way of capitalisation. †† Minimum tender price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. |||| Introduction. ◻ Issued to former Preference holders. ■ Allotment letters (or fully-paid). • Provisional or partly-paid allotment letters. ★ With warrants.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1977-78 high	1977-78 low
BP	£1	14	720	—	966	720
BATs Defd.	25p	13	248	−4	280	202
GEC	25p	11	237	−8	292	165
Turner & Newall	£1	10	180	−3	332	130
EMI	50p	9	141	−23	284	141
ICI	£1	9	328	−5	446	325
Reed Intl.	£1	9	[illegible]	−2	233	100
Grand Met.	50p	8	87	−1½	109	62
Shell Transport	25p	8	485	—	633	454
De Beers Defd.	R0.05	7	313	−6	332	188
Distillers	50p	7	163	−3	193	120
Lonrho	25p	7	67	−2	86	62
Marks & Spencer	25p	7	137	−1	157	92
Mills & Allen	50p	7	158	+13	158	63
Royal Insurance	25p	7	355	+5	400	230

The above list of active stocks is based on the number of bargains recorded yesterday in the Official List and under Rule 163(1) (e) and reproduced to-day in Stock Exchange dealings.

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS / GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs., Mar. 2, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.) (Corp. Tax 52%)	Gross Div. Yield % (ACT at 34%)	Est. P/E Ratio (Net) (Corp. Tax 52%)	Wed. Mar. 1 Index No.	Tues. Feb. 28 Index No.	Mon. Feb. 27 Index No.	Fri. Feb. 24 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (170)	188.95	−1.5	18.75	6.17	7.51	191.90	192.13	190.38	192.49	[illegible]
2	Building Materials (27)	167.95	−0.9	18.23	6.32	7.82	169.53	169.12	167.66	170.27	[illegible]
3	Contracting, Construction (26)	294.59	−0.4	19.58	4.32	7.44	296.03	296.82	292.39	[illegible]	[illegible]
4	Electricals (15)	404.47	−2.7	16.45	4.38	8.68	415.58	415.42	411.01	414.46	[illegible]
5	Engineering Contractors (14)	272.69	−1.1	18.21	7.39	7.52	275.73	275.51	272.55	276.78	[illegible]
6	Mechanical Engineering (71)	149.87	−1.4	20.35	6.83	6.99	152.07	152.11	151.38	153.18	[illegible]
8	Metals and Metal Forming (17)	154.64	−1.1	20.19	8.84	6.55	156.32	156.55	154.22	[illegible]	[illegible]
	CONSUMER GOODS (DURABLE) (53)	174.16	−1.4	16.70	5.38	7.36	176.76	176.56	175.06	177.17	[illegible]
12	Lt. Electronics, Radio TV (15)	210.85	−1.3	15.90	3.95	8.55	213.71	213.79	210.89	212.71	[illegible]
13	Household Goods (12)	161.28	−0.1	19.58	7.59	6.93	161.36	161.51	163.95	[illegible]	[illegible]
14	Motors and Distributors (25)	104.68	−1.9	24.31	7.16	6.05	106.74	106.35	105.25	107.65	[illegible]
21	CONSUMER GOODS (NON-DURABLE) (170)	179.46	−1.2	17.86	6.42	7.94	181.68	181.85	180.77	182.73	[illegible]
22	Breweries (14)	205.24	−0.3	15.85	6.45	9.56	205.79	205.46	204.04	206.73	[illegible]
23	Wines and Spirits (6)	229.85	−2.2	18.00	6.25	8.43	235.05	234.84	231.79	234.88	[illegible]
24	Entertainment, Catering (16)	219.62	−2.9	19.10	7.82	7.66	226.19	225.28	224.97	230.82	[illegible]
25	Food Manufacturing (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Food Retailing (16)	177.96	−0.9	15.47	5.13	9.35	179.51	180.22	177.84	181.43	[illegible]
32	Newspapers, Publishing (13)	269.59	−5.1	16.53	4.63	11.92	284.61	284.39	298.70	304.99	[illegible]
33	Packaging and Paper (15)	120.24	−0.9	21.95	9.67	6.59	121.29	120.74	119.87	119.86	[illegible]
34	Stores (39)	163.51	−1.1	13.65	4.70	9.56	165.32	166.78	165.62	167.67	[illegible]
35	Textiles (25)	160.85	−1.6	22.88	8.32	5.41	163.51	164.28	163.44	166.01	[illegible]
36	Tobaccos (3)	222.04	−1.6	24.93	8.43	4.77	225.69	225.69	223.19	229.19	[illegible]
37	Toys and Games (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	OTHER GROUPS (97)	173.45	−1.1	17.73	6.33	7.48	175.45	175.86	173.56	176.54	[illegible]
42	Chemicals (19)	238.69	−1.3	19.67	7.23	6.87	241.74	240.35	239.08	244.02	[illegible]
43	Pharmaceutical Products (7)	[illegible]	−2.2	11.92	4.30	10.76	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44	Office Equipment (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping (10)	416.64	−0.5	23.98	7.13	4.94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46	Miscellaneous (55)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (495)	186.02	−1.3	18.18	6.26	7.63	188.46	188.55	187.26	189.61	[illegible]
51	Oils (5)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	205.42	−1.1	17.94	6.03	7.58	207.71	208.09	207.53	209.74	[illegible]
61	FINANCIAL GROUP (100)	154.89	−0.8	—	5.75	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	173.95	−1.0	20.86	6.10	3.54	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (10)	[illegible]	[illegible]	—	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64	Hire Purchase (5)	143.01	−0.6	12.84	5.49	11.52	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (10)	[illegible]	−0.8	—	6.79	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	120.86	−1.6	—	7.39	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (10)	316.70	−0.2	14.07	4.38	10.39	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (14)	71.09	−0.1	—	6.72	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (31)	224.76	−0.6	3.04	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (50)	177.55	−0.1	—	5.32	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	85.65	−1.1	18.20	6.84	6.39	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (19)	262.26	−0.4	17.09	7.46	7.62	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (673)	191.15	−1.0	—	5.99	—	193.05	193.57	192.43	194.24	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Thurs. Mar. 2	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	108.08	−0.04	—	2.16
2	5-15 years	119.46	−0.13	—	1.79
3	Over 15 years	125.90	−0.18	—	2.37
4	Irredeemables	141.76	—	—	1.97
5	All stocks	117.23	−0.11	—	2.09

FIXED INTEREST YIELDS

	Br. Govt. Av. Gross Red.		Thurs. Mar. 2	Wed. Mar. 1	Year ago (approx.)
1	Low Coupons	5 years	7.84	7.83	[illegible]
2		15 years	10.15	10.15	[illegible]
3		25 years	10.61	10.59	[illegible]
4	Medium Coupons	5 years	9.91	9.90	[illegible]
5		15 years	11.15	11.13	[illegible]
6		25 years	11.29	11.29	[illegible]
7	High Coupons	5 years	10.57	10.53	[illegible]
8		15 years	12.07	12.05	[illegible]
9		25 years	12.16	12.14	[illegible]
10	Irredeemables		10.36	10.34	[illegible]

		Thurs. March 2 Index No.	Yield %	Wed. March 1	Tues. Feb. 28	Monday Feb. 27	Friday Feb. 24	Thurs. Feb. 23	Wed. Feb. 22	Tues. Feb. 21	Year ago (approx.)
15	20-yr. Red. Deb. & Loans (15)	60.66	12.25	60.77	60.72	60.90	61.00	60.91	61.19	61.27	49.86
16	Investment Trust Prefs. (15)	57.07	12.39	57.01	57.07	57.07	57.13	57.15	57.17	57.06	49.11
17	Coml. and Indl. Prefs. (20)	76.95	11.81	77.03	77.10	77.10	77.27	77.27	77.42	77.27	66.05

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 22p.

INSURANCE, PROPERTY, BONDS

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

BASE LENDING RATES

A.B.N. Bank	6½%	■ Hill Samuel	§ 6½%
Allied Irish Banks Ltd.	6½%	C. Hoare & Co.	† 6½%
American Express Bk.	6½%	Julian S. Hodge	7½%
Amro Bank	6½%	Hongkong & Shanghai	6½%
A P Bank Ltd.	6½%	Industrial Bk. of Scot.	6½%
Henry Ansbacher	6½%	Keyser Ullmann	6½%
Banco de Bilbao	6½%	Knowsley & Co. Ltd.	9 %
Bank of Credit & Cmce.	6½%	Lloyds Bank	6½%
Bank of Cyprus	6½%	London & European	8 %
Bank of N.S.W.	6½%	London Mercantile	6½%
Banque Belge Ltd.	6½%	Midland Bank	6½%
Banque du Rhone	7 %	■ Samuel Montagu	6½%
Barclays Bank	6½%	■ Morgan Grenfell	6½%
Barnett Christie Ltd.	8½%	National Westminster	6½%
Bremar Holdings Ltd.	7½%	Norwich General Trust	6½%
Brit. Bank of Mid. East	6½%	P. S. Refson & Co.	6½%
Brown Shipley	6½%	Rossminster Accept'cs	6½%
Canada Permanent AFI	6½%	Royal Bk. Canada Trust	6½%
Capitol C & C Fin. Ltd.	9 %	Schlesinger Limited	6½%
Cayzer Ltd.	7 %	E. S. Schwab	8½%
Cedar Holdings	8 %	Security Trust Co. Ltd.	7½%
Charterhouse Japhet	6½%	Shenley Trust	9½%
C. E. Coates	7½%	Standard Chartered	6½%
Consolidated Credits	6½%	Trade Dev. Bank	6½%
Co-operative Bank	* 6½%	Trustee Savings Bank	6½%
Corinthian Securities	6½%	Twentieth Century Bk.	7½%
Credit Lyonnais	6½%	United Bank of Kuwait	6½%
The Cyprus Popular Bk.	6½%	Whiteaway Laidlaw	7 %
Duncan Lawrie	§ 6½%	Williams & Glyn's	6½%
Eagil Trust	6½%	Yorkshire Bank	6½%
English Transcont.	8 %		
First London Secs.	6½%		
First Nat. Fin. Corpn.	8½%		
First Nat. Secs. Ltd.	8 %		
Antony Gibbs	6½%		
Greyhound Guaranty	6½%		
Grindlays Bank	‡ 6½%		
Guinness Mahon	6½%		
Hambros Bank	6½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 3%. 1-month deposits 3½%.
† 7-day deposits on sums of £10,000 and under 3%, up to £25,000 3½% and over £25,000 4¼%.
‡ Call deposits over £1,000 3%.
§ Demand deposits 4%.
¶ Rate also applies to Sterling Ind. Secs.

Hill Samuel Overseas Fund S.A.
37, Rue Notre-Dame, Luxembourg
|16.27 16.92|+0.03| —

International Pacific Inv. Mngt. Ltd.
PO Box R237, 56, Pitt St, Sydney, Aust.
Javelin Equity Tst. |$2.84 1.94| ..... | —

J.E.T. Managers (Jersey) Ltd.
PO Box 194, Royal Tst. Hse., Jersey 0534 27441
Jersey Extrnl. Tst. |125.0 133.0|+17.0| —
As at Jan. 31. Next sub. day Feb. 28.

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	$HK209.98xd	.....	3.40
Jardine J'pn. Fd.*‡	$HK279.68	.....	1.00
Jardine S.E.A.	$US12.74	.....	2.60
Jardine Flem.Int.†	$HK8.93xd	.....	—

NAV Jan. 31. *Equivalent $US80.54. Next sub. Feb. 28.

Kemp-Gee Management Jersey Ltd.
1, Charing Cross, St. Helier, Jersey. 0534 73741

Kemp-Gee Capital	79.4	81.9	.....	—
Kemp-Gee Income	62.0	63.9	.....	8.81

Utd. Intnl. Mngmnt. (C.I.) Ltd.
14, Mulcaster Street, St. Helier, Jersey.
U.I.B. Fund | $US100 | ..... | 8.25

United States Tst. Intl. Adv. Co.
14, Rue Aldringer, Luxembourg.
U.S. Tst. Inv. Fnd. | $US9.49 |+0.01| 0.95
Net asset March 1.

S. G. Warburg & Co. Ltd.
30, Gresham Street, EC2. 01-600 4555

Cnv.Bd.Fd.Mar.1	$US9.32	+0.01	—
Eng. Int. Mar 1	$US15.06	−0.03	—
Gr.St.$Fd. Feb 28	$US6.51	.....	—
Mer.Eur.Fd.Feb.22	$US8.47	.....	—

Warburg Invest. Mngt. Jrsy. Ltd.
1, Charing Cross, St. Helier, Jsy. CI 0534 73741

CMF Ltd. Feb. 23	$US12.37	12.68	.....	—
CMT Ltd. Feb. 23	£12.62	12.95	.....	—
Metals Tst. Feb. 16	£10.93	11.20	.....	—
TMT Feb.9	$US9.26	9.50	.....	—
TMT Ltd. Feb.9	9.13	9.37	.....	—

World Wide Growth Management◊
10a, Boulevard Royal, Luxembourg.
Worldwide Gth Fd | $US12.67 |+0.01| —

NOTES

Prices do not include $ premium, except where indicated ‡, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ◊. ¶ Guernsey gross. ♯ Suspended. ◊ Yield before Jersey tax. † Ex-subdivision.

CORAL INDEX: Close 431-436

INSURANCE BASE RATES

† Property Growth 7½%
† Vanbrugh Guaranteed 7.37%
† Address shown under Insurance and Property Bond Table.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1977-78 High	Low	Stock	£	+ or –	Yield Int.	Red.
104⅛	97¾	Treasury 10½pc '78‡‡	101⅛	–¼	10.33	6.07
100⅛	90	Exch 5pc '76-78‡‡	99¼xd	......	5.04	6.35
107	95⅞	Treasury 11½pc '79‡‡	104¼xd	–⅛	11.03	7.10
97¾	84	Treasury 3pc '79‡‡	96⅞xd	......	3.10	5.13
98¼	85⅛	Electric 4¼pc '74-79	97⅝xd	......	4.35	5.85
106	92	Treasury 10½pc '79‡‡	103½	–⅛	10.14	8.18
97⅝	84⅞	Electric 3½pc '76-79	95⅞	......	3.65	6.07
107	87¼	Treasury 9pc 1980‡‡	101 xd	......	8.84	8.00
105¾	88⅛	Treasury 9½pc '80‡‡	101	......	9.34	8.64
96	82⅞	Treasury 3½pc '77-80	94⅛	......	3.72	6.29
98¼	83	Funding 5¼pc '78-80‡‡	95½	......	5.50	7.42
112	96	Exchequer 13pc 1980‡‡	108	–	12.04	9.58
108	92	Treasury 11½pc 1981‡‡	104½	–	11.00	9.65
94¼	77⅞	Treasury 3½pc 1979-81	90⅝	......	3.86	7.07
104	86	Treasury 9¾pc 1981‡‡	100⅞xd	–	9.67	9.43
97	95¾	Exch. 8¼pc 1981	96½	–	8.55	9.50
103½	97½	Exch. 9½pc 1981	99	–⅛	9.52	9.57
92⅛	87½	Exch. 3pc 1981	87¼	......	3.42	7.05
98¾	96⅛	Treas. Variable '81‡‡	96¾	......	6.69	7.49
113	96¼	Exch. 12¾pc 1981‡‡	108	–⅛	11.72	9.85
100⅝	82⅞	Treas. 8½pc '80-82‡‡	97⅛	–¼	8.75	9.39
93⅛	71⅝	Treasury 3pc '82‡‡	85¾	......	3.50	7.20
119	101⅛	Treasury 14pc '82‡‡	113xd	–	12.39	10.01
98½	95¾	Treas. Variable '82‡‡	96	......	6.74	7.58
98⅝	93⅝	Treasury 8¼pc '82	95⅛	–⅛	8.67	9.65
102⅛	93⅝	Exch. 9¼pc 1982	98 xd	–⅛	9.42	9.75
—	—	Exch. 8¾pc 1983	£96½	......	9.07	9.66
87⅛	81	Exch 3pc '83	82¾	......	3.62	7.19

Five to Fifteen Years

1977-78 High	Low	Stock	£	+ or –	Yield Int.	Red.
*114¼	95½	Treasury 12pc 1983‡‡	107½xd	–⅛	11.12	9.96
101⅜	95¾	Treasury 9¼pc '83	98⅝	......	9.49	9.86
95½	72⅞	Funding 5½pc '82-84‡‡	85⅞	–⅛	6.46	8.78
100¾	77⅞	Treasury 8½pc '84-86‡‡	93⅛	–⅛	9.22	9.90
87⅞	66¾	Funding 6½pc '85-87‡‡	84	–⅛	7.94	9.51
94	68½	Treasury 7¾pc '85-88‡‡	85⅜	–⅛	9.16	10.26
74	49⅞	Transport 3pc '78-88	64¼	–⅛	4.71	8.29
76¼	53⅞	Treasury 5pc '86-89	70⅜	–⅛	7.30	9.55
121¼	90	Treasury 13pc 1990‡‡	109¾	–⅛	12.03	11.71
94¾	67⅛	Treasury 8¼pc '87-90‡‡	85	–⅛	9.91	10.73
112	88¾	Treasury 11¾pc 1991	101	–⅛	11.83	11.84
76½	53¾	Funding 5¾pc '87-91‡‡	67¾xd	–⅛	8.42	10.20
118	86¾	Treasury 12¾pc '92‡‡	106⅝	–⅛	12.12	11.96
96⅜	88¾	Treasury 10pc 1992	89	–⅛	11.27	11.65
113	89½	Exch. 12¼pc '92	102xd	–⅛	12.03	11.99

Over Fifteen Years

1977-78 High	Low	Stock	£	+ or –	Yield Int.	Red.
116¾	84½	Treasury 12½pc '93‡‡	105	–⅛	12.09	12.01
73	51⅝	Funding 6pc 1993‡‡	65½xd	–⅛	9.19	10.60
126½	96	Treasury 13¾pc 1993‡‡	114⅝	–⅛	12.40	12.17
129¼	99	Treasury 14½pc '94‡‡	116½xd	......	12.47	12.16
114⅛	94⅞	Exch. 12½pc 1994	103⅜	–⅛	12.13	12.07
96	66¼	Treasury 9pc '94‡‡	85½	–⅛	10.86	11.29
110¼	97⅜	Treasury 12pc '95	101	–⅛	11.98	11.97
51⅞	32⅝	Gas 3pc '90-95	48⅞	–⅛	6.27	9.03
95	88⅝	Exch. 10¼pc 1995	89⅝	–⅛	11.50	11.73
120	87	Treasury 12¾pc '95‡‡	108⅝	–⅛	12.16	12.07
92½	66¾	Treasury 9pc '92-96‡‡	81¼xd	–⅛	10.97	11.36
133¾	101⅛	Treasury 15¼pc '96‡‡	126	–⅛	12.60	12.33
124	89¾	Exchequer 13¼pc '96‡‡	112⅛	–⅛	12.25	12.12
50	31¾	Redemption 3pc 1986-96	46¾xd	–⅛	6.44	8.95
122½	87⅛	Treasury 13¾pc '97‡‡	109¾	–⅛	12.23	12.11
98⅛	90¼	Exchequer 10½pc 1997	90¼	–⅛	11.61	11.76
89⅝	64⅞	Treasury 8¾pc 1997‡‡	79½	–⅛	11.01	11.39
72¼	50⅜	Treasury 6¾pc '95-98‡‡	67½	–⅛	10.35	11.10
136½	103⅝	Treas. 15½pc '98‡‡	122⅞xd	–⅛	12.50	12.27
97	65⅞	Treasury 9½pc 1999‡‡	86	–⅛	11.21	11.42
96¼	90⅝	Treasury 10½pc 1999	91⅜	–⅛	11.65	11.77
44¾	27⅝	Funding 3½pc '99-04	39⅝	–⅛	8.94	10.18
82¼	57½	Treasury 8pc '02-06‡‡	72⅞xd	–⅛	10.94	11.14
59	40½	Treasury 5½pc '08-12‡‡	51⅝xd	–⅛	10.63	10.90
80¼	53¾	Treasury 7¾pc '12-15‡‡	71⅝	–⅛	10.94	11.02

Undated

1977-78 High	Low	Stock	£	+ or –	Yield Int.	Red.
38⅞	26⅝	Consols 4pc	35⅛	......	11.50	—
38½	25⅝	War Loan 3½pc‡‡	36	......	9.97	—
39¼	26¾	Conv. 3½pc '61 Aft.	36⅝xd	......	9.55	—
28⅝	20½	Treasury 3pc '66 Aft.	25½xd	......	11.64	—
24⅛	17⅛	Consols 2½pc	22xd	......	11.25	—
24	17⅛	Treasury 2½pc	21¼xd	......	11.66	—

**INTERNATIONAL BANK

88¼	75½	5pc Stock '77-82	86½	......	5.78	8.71

**CORPORATION LOANS

100	82	Birm'ham 9¾pc '79-81	97	–¼	9.54	10.29
94¼	81½	Bristol 7¾pc '79-81	92	–¼	8.42	10.40
107	93	G.L.C. 12½pc '82	105	–¼	11.90	10.98
112	95¾	Do 12½pc 1983	105¾	......	11.97	11.16
102½	85½	Glasgow 9¼ '80-82	95¾	–¼	9.64	10.39
94	76¼	Herts. 5½pc '78-80	91¾	......	5.72	9.43
99⅛	90½	Liverpool 5¼pc '76-78	99⅛xd	......	5.80	7.28
102½	79½	Do. 9¾pc '80-84	97¾	......	10.27	10.88
29¾	22¾	Do. 3½pc Irred.	29xd	......	12.11	—
100	89	Lon. Corp. 6½pc '75-78	99⅝	......	6.52	7.40
99⅜	75	Do. 9¼pc '84-85	92½xd	......	9.91	10.54
96⅜	85½	L.C.C. 6pc '76-79	96xd	......	6.25	8.93
92½	70½	Do 5½pc '77-81	89¾xd	......	6.13	8.94
85½	60½	Do 5½pc '82-84	81	......	6.85	9.70
79	52½	Do 5½pc '85-87	73	......	7.66	10.27
79	51¾	Do 6¾pc '88-90	73	......	9.36	10.91
27¼	20	Do. 3pc '20 Aft.	25¼xd	......	12.05	—
93½	76¾	Middx. 5¼pc 1980	93xd	......	5.64	9.05
100	84¾	Newcastle 9¾pc '78-80	98¼xd	–¼	9.41	10.38
107¼	90¼	Warwick 12½% 1980	106	......	11.79	9.88

COMMONWEALTH & AFRICAN LOANS

100⅞	88¾	**Aust. 5½pc '75-78	98½xd	......	5.55	7.29
96	79½	**Do 5½pc '77-80	94½	–¼	5.87	9.32
88¼	69¾	**Do 5½pc '81-82	84xd	–¼	6.51	10.24
98¼	86½	**N.Z. 4pc 1976-78	97⅝	......	4.13	8.34
96½	81½	**Do 6pc '76-80	93¼xd	–¼	6.42	9.80
89	66	**Do. 7½pc '83-86	86	–½	8.88	10.33
94	85	Sth. Africa 9½pc '79-81	93½	–¼	10.51	12.83
70	31	Sth. Rhod. 2½pc '65-70	61	......	—	—
95	47	Do. 6pc '78-81	91	+2	—	—

LOANS

Public Board and Ind.

66	44	Agric. Mt. 5pc '59-89	62	......	8.17	11.09
95	68½	Alcan 10½pc '89-94	89½	......	12.11	12.40
33¼	22	**Met. Wtr. 3pc 'B'	31¾xd	......	9.44	11.13
116	101	U.S.M.C. 9pc 1982	108	......	8.54	7.50
96	77	Do. without Warrants	94	......	9.83	11.40
100	84	Ultramar 7pc '75-78	99¼	......	7.27	12.25

Financial

107¼	94	**FFI 13pc '81	105	–¼	12.38	10.94
112	98	Do 14pc '79	108½	–½	13.23	12.53
116	100¼	Do. 15pc '83	110¼	......	13.02	12.13
85¼	68	ICFC 5½pc Deb. '80-82	80¼xd	......	6.81	10.90
83½	67¾	Do. 6¾pc Db. '81-84	78½	......	8.17	11.30
97¼	95	Do 10¼pc Uns.Ln. '88	96½	......	11.04	11.40
99¾	95	Do 11pc Uns.Ln. '88	96½	......	11.58	11.80
100¾	96	Do. 11¾pc Uns.Ln. '90	99½	......	12.03	12.10
73	51½	Do 7¼pc A Deb. '89-92	68	......	11.00	12.30
71½	52½	Do. 7¾pc A Db. '91-94	64½xd	......	11.24	12.30
84½	57	Do 9pc 'A' '91-94	76½xd	......	11.76	12.40
83½	59½	Do 8¾pc Ln. '92-97	75¼xd	–¼	11.79	12.30

FOREIGN BONDS & RAILS

1977-78 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
22¼	15	Antofagasta Rly	19	......	—	—
37	32	Do 5pc Pref	33	......	5	—
98	95	Chilean Mixed	98	......	3	13.06
360	298	German Yng 4½pc	360	......	4½	—
60	46	Greek 7pc Ass	46	–1	3½	17.82
56	46	Do 6pc '28 Stab. Ass	46xd	–1	6	16.52
44	38	Do 4pc Mixed Ass.	40	–3	4	15.05
42	32	Hung. '24 Ass.	42	......	4½	6.92
77	48	Iceland 6½pc '83-88	70	......	—	11.80
90½	69½	Ireland 7¾pc '81-83	87	......	8.72	11.01
91	65	Do 9¾pc '91-96	83xd	......	11.74	12.05
330	228	Japan 4pc '10 Ass.	330	......	—	—
87	63	Do 6pc '83-88	87	......	6	7.90
365	150	Peru Ass. 3pc	150	......	3	2.03
75	75	S.G.I. 6½pc 1980	75	......	6½	8.67
$99	$94	Turin 9pc 1991	$96½	......	9	9.33
DM85	DM71	Turin 6½pc 1984	DM81	......	6½	11.05
94	62	Uruguay 3½pc	94xd	......	3½	3.80

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

1977-78 High	Low	Stock	£	+ or –	Div. Gross	Cvr	Yld Gr's
18½	13	ASA	15¼	–⅛	80c	—	2.9
62¼	58	AMF 5% Conv. '87	60½	......	5%	—	f
49⅞	22	Amax $1	23⅝	–⅜	$1.75	—	4.2
30⅛	21¾	American Express	23⅛	+⅜	$1.40	—	3.4
14	901p	Amer. Medic. Int.	13⅛	–¼	30c	—	1.3
11¼	873p	Asarco Inc.	11¼xd	+¼	40c	—	2.0
45	28¾	Baker Intl. Corp. $1	32xd	–¾	64c	—	1.2
16¼	12¾	Barnes Grp. $6⅔	13xd	......	90c	—	3.9
38⅝	22	Bendix Corp. $5	25	–¼	$2.28	—	5.2
34⅞	13	Beth. Steel $8	14½xd	–¼	$1.00	—	3.9
925p	620p	Brown'g Fer. c16⅔	732p	–5	40c	—	3.1
14⅛	827p	Brunswick Corpn. ‖	10	......	70c	—	4.0
77⅛	41⅞	Burroughs Corp. $5	42⅞	......	$1.00	—	1.3
51½	30½	CBS $2.50	31⅜	–⅛	$2.40	—	4.4
44⅝	28¼	C.P.C. $¼	31⅞	–⅜	$2.50	—	4.4
49⅝	32¼	Caterpillar‖	35¼	–¼	$1.80	—	2.9
28½	17¾	Chase M'htn $12.5	20⅛xd	+⅛	$2.20	—	6.1
22½	13⅞	Chesebrough $1	15¼xd	–¼	94c	—	3.5
10	786p	Chrysler $6¼	786p	–23	$1.00	—	7.2
29¼	13½	Citicorp $4	14⅓	–⅛	$1.06	—	4.2
15¼	735p	City Inv. $1.25	893p	–15	$1.00	—	6.3
22⅝	14⅝	Do. Cm. Prf. B$1	16½	–¼	$2	—	6.8
23¼	12¾	Colgate-P. $1	14¼xd	+⅛	$1.00	—	4.0
49⅝	29	Colt Inds. $1	31⅝	–¼	$2.75	—	3.3
25¼	15½	Cont. Illinois $10	17⅝	–⅛	$1.32	—	4.2
31⅞	17	Cont. Oil $5	19	–⅛	$1.40	—	4.2
38¼	20⅛	Crown Zell. $5	21xd	–⅛	$1.90	—	5.1
27	19½	Cutler-Hammer $5	24¼xd	+⅛	$1.40	—	3.3
37½	22	Eaton Crp. $0.50	24	–¼	$2.25	—	5.3
28½	17¼	Esmark	18½	+⅛	$1.84	—	5.6
45⅛	28¼	Exxon ‖	31⅝	......	$3.20	—	5.7
20	944p	Firestone Tire ‖	982p	–16	$1.10	—	6.3
19½	12¾	First Chicago	12⅝	......	96c	—	4.0

AMERICANS—Continued

[illegible]

S.E. List Premium 38⅛% (based on $1.9400 per £)

Conversion factor 0.7156 (0.7138)

CANADIANS

[illegible]

S.E. List Premium 38⅛% (based on $2.1697 per £)

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Cont.

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكذا من الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INV. TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

1977-78 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
206	70	Falcon Rh.50c.	202	−4	Q50c	1.3	22.9
24	9	Rhod'n Corp. 16¾p.	22	−1	0.57	4.3	3.9
165	52	Roan Cons. K4	70	.....	—	—	—
164	115	Tanganyika 50p	125	.....	Q11.0	1.1	8.8
80	70	Do. Pref. 80p	78	.....	Q9%	16.4	9.2
42	27	Wankie Col. Rh.1	39	.....	Q7½c	1.4	16.4
27½	10	Zam.Cpr.SBD0.24	10½	.....	—	—	—

AUSTRALIAN

1977-78 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
20	10	Acmex 25c	11	.....	—	—	—
127	57	Bougainville 50 Toea	79	+1	Q8c	1.5	6.4
128	66	BH South 50c	66	.....	—	—	—
325	119	Conzinc Riotinto 50c	148	−2	Q10c	ϕ	4.2
72	18	G.M. Kalgoorlie $1	72	+2	—	—	—
112	77	Hamptn Areas 5p	88	−1	1.45	4.1	2.5
35	10	Metals Ex. 50c	13	.....	—	—	—
242	125	M.I.M. Hldgs. 50c	125	.....	Q9c	1.7	4.4
105	10	Mount Lyell 25c	17	.....	—	—	—
2¾	1	Newmetal 10c	2	.....	—	—	—
120	79	North B. Hill 50c	82	−1	Q8c	1.5	6.0
12	4½	Nth. Kalgurli	11	.....	—	—	—
147	87	Oakbridge $A1	135	+1	†Q11c	1.9	5.1
55	20	Pacific Copper	33	.....	—	—	—
£13	575	Pancont'l 25c	800	−25	—	—	—
19	8	Parınga Ml&Ex. 5p	12½	.....	—	—	—
555	345	Peko-Wallsend 50c.	436	−6	Q15c	4.0	2.1
164	84	Westn. Mining 50c	85	+1	Q6c	1.4	4.4
75	35	Whim Creek 20c	35	.....	—	—	—

TINS

1977-78 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
39	18	Amal. Nigeria	28	.....	2.51	1.6	13.6
395	240	Ayer Hitam $M1	280	.....	Q$1.7c	0.9	32.0
57	25	Beralt Tin	52	.....	3.75	2.3	10.9
260	155	Berjuntai $M1	225	.....	†Q60c	ϕ	—
570	260	Geevor	495	.....	18.05	3.4	5.5
13	8	Gold & Base 12½p	9	.....	—	—	—
325	190	Gopeng Cons.	255	.....	15.0	0.9	8.9
150	72	Hongkong	150	.....	—	—	—
100	60	Idris 10p	88	.....	7.5	ϕ	12.9
11	7	Jantar 12½p	11	.....	—	—	—
85	30	Kamunting $M0.50	70	.....	ZQ15.5c	0.7	4.8
490	260	Killinghall	450	.....	Q125	ϕ	27.8
410	217	Malay Dredging $M1	300	.....	Q95.5c	0.8	6.8
50	40	♠Pahang	49	−1	†Q2.5	0.5	5.1
70	50	Pengkalen 10p	53	.....	6.5	1.3	18.6
215	133	Petaling $M1	173	.....	mQ12½c	10.9	1.6
90	35	Saint Piran	49	−5	g1.99	4.6	6.2
73	52	South Crofty 10p	52	−2	54.12	1.5	10.4
210	77	South Kinta $M0.50	150	.....	†Q77.8c	1.4	11.1
305	148	Sthn Malayan $M1	250	−3	†Q113c	1.1	11.3
160	57	Sungei Besi $M1	153	.....	—	—	—
64	19	Supreme Corp. $M1	64	.....	ZQ10c	—	3.4
102	42	Tanjong 15p	98	.....	4.5	ϕ	7.0
95	45	Tongkah Hrbr. $M1	85	.....	Q$82%	1.6	14.4
203	93	Tronoh $M1	175	.....	ZQ30c	2.8	3.7

COPPER

1977-78 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
198	70	Messina R0.50	74	+2	‡Q30c	1.9	‡

MISCELLANEOUS

1977-78 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
9½	9	Burma Mines 17½p.	9	.....	—	—	—
115	58	Colby Mines $C1	68	+7	—	—	—
600	225	Cons. Murch. 10c	240	.....	Q30c	ϕ	7.5
475	250	Northgate C$1	250	.....	—	—	—
247	164	R.T.Z.	164	−3	t8.5	q3.1	7.9
70	28½	Sabina Inds. C$1	32	−5	—	—	—
£14¾	800	Tara Exptn. $1	800	.....	—	—	—
55	39	Tehidy Minerals 10p	45	.....	1.21	2.5	4.1
160	120	Yukon Cons. C$1	123	.....	Q7c	ϕ	3.4

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ♠ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ‡ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ¶ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 39

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	23	.....
Ash Spinning	43	.....
Bertam	14	.....
Bdg'wtr. Est. 50p	277	.....
Clover Croft	22	.....
Craig & Rose £1	400	.....
Dyson (R.A.)	39	.....
Ellis & McHdy	68	.....
Evans Fr'k. 10p	57	.....
Evered	15½	.....
Fife Forge	47	.....
Finlay Pkg. 5p	18½	−1½
Graig Ship. £1	175	.....
Higsons Brew	80	.....
I.O.M. Stm. £1	145	.....
Holt (Jos.) 25p	243	.....
N'thn. Goldsmith	57	.....
Pearce (C. H.)	130	−2
Peel Mills	17	.....
Sheffield Brick	46	.....
Sheff. Refrshmt.	51	.....
Shiloh Spinn	19	.....
Sindall (Wm.)	84	−1

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£95⅞	−⅛
Alliance Gas	85	.....
Arnott	270	.....
Carroll (P.J.)	100	.....
Clondalkin	90	+5
Concrete Prods.	115	.....
Heiton (Hldgs.)	49	.....
Ins. Corp.	140	.....
Irish Ropes	133	.....
Jacob	57	.....
Sunbeam	32	.....
T.M.G.	176	+1
Unidare	72xd	.....

OPTIONS
3-month Call Rates

Stock	Rate
Industrials	
A. Brew	6½
A.P. Cement	18
B.S.R.	9
Babcock	10
Barclays Bank	25
Beecham	38
Boots Drug	15
Bowaters	16
B.A.T.	24
British Oxygen	6
Brown (J.)	20
Burton 'A'	13
Cadburys	5
Courtaulds	10
Debenhams	10
Distillers	13
Dunlop	8½
Eagle Star	11
E.M.I.	18
Gen. Accident	17
Gen. Electric	18
Glaxo	40
Grand Met	9
G.U.S. 'A'	18
Guardian	18
G.K.N.	22
Hawker Sidd	20
House of Fraser	12
I.C.I.	23
"Imps"	7
I.C.L.	20
Inveresk	7
KCA	5
Ladbroke	17
Legal & Gen.	14
Lex Service	7
Lloyds Bank	22
"Lofs"	5
London Brick	5
Lonrho	7
Lucas Inds.	25
Lyons (J.)	15
"Mams"	7
Mrks. & Spncr.	11
Midland Bank	25
N.E.I.	20
Nat. West Bank	22
Do. Warrants	10
P & O Dfd.	10
Plessey	9
R.H.M.	5
Rank Org. 'A'	18
Reed Intl.	14
Spillers	4
Tesco	4
Thorn	22
Trust Houses	15
Tube Invest.	30
Unilever	40
Utd. Drapery	7½
Vickers	15
Woolworths	6
Property	
Brit. Land	3¼
Cap. Counties	5
E.P.	5
Intereuropean	4
Land Secs.	18
MEPC	12½
Peachey	10
Samuel Props.	10
Town & City	2
Oils	
Brit. Petroleum	35
Burmah Oil	7
Charterhall	3½
Shell	26
Ultramar	22
Mines	
Charter Cons.	12
Cons. Gold	20
Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page.

FINANCIAL TIMES
Friday March 3 1978

CBI may make court move over contracts pay curb

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE ROW over the Governments' use of contracts to enforce its pay policy is likely to come to a head next week. The CBI will probably ask for a meeting with the Prime Minister and threaten to issue member companies with its own version of the relevant contract clauses.

The issuing of rival clauses could lead to a hearing in the Restrictive Practices Court which would provide the CBI and Sir John Methven, its director-general with a public platform from which to argue that the *Government is being unreasonable and unfair.*

On Monday morning. CBI leaders will meet a team of Ministers led by Mr. Roy Hattersley, Prices Secretary and deputy chairman of the Government's Ministerial committee on pay policy.

This meeting will review recent talks between the CBI and Treasury officials. In the afternoon, Sir John and his colleagues will report to a special meeting of the CBI's committee of senior industrialists.

These meetings will mark the end of the 21-day "cooling off" period agreed last month by Ministers and the CBI.

So far there seems little prospect of a compromise on the issue because the CBI wants substantial changes to the relevant clauses in Government contracts. It accepts that the requirements to abide by the pay policy should remain, but wants the responsibilities of a main contractor for his sub-contractor's actions to be removed, along with some other points.

Discretion

Ministers, however, have shown no signs of making such substantial changes though they are prepared to issue statements and guidance about discretionary enforcement of the clauses.

They might also propose a threshold for the size of sub-contracts below which the requirements would not operate. This would exclude the smallest sub-contractors.

Generally, however, Ministers feel that the CBI has overstated the impact the clauses would have, although some, like Mr. Peter Shore, Environment Secretary, have hinted that they sympathise with industrialists' practical problems.

The CBI has been urging Ministers to make a significant concession to defuse matters and it is to push this idea that it plans to ask for a meeting with the Prime Minister if no progress is made at Monday's talks.

The CBI would then threaten that the alternative clauses which it would issue to member companies (and to members of affiliated trade and employers' organisations) would accept the issue of the pay limits but would remove the wide liabilities for sub-contractors and other issues contained in the Government's proposals.

These clauses would have to be registered with the Office of Fair Trading (where Sir John was director before going to the CBI in 1976) as a restrictive practice, and ultimately would have to be defended in the Restrictive Practices Court.

But there would be nothing to stop the clauses being adopted by individual companies in advance of any court hearing, which means that it would then be up to Government departments and agencies to decide how to deal with contractors which tried to adopt the CBI's clauses in place of the Government's.

Rejection

This tactic has been drawn up by the CBI as a more practical way of fighting the clauses than its original idea for companies simply to reject the Government's clauses without proposing any alternative.

Scottish CBI leaders are to meet Mr. Bruce Millan, the Secretary for Scotland, in Glasgow this morning to add their voices to the CBI's protest. This follows an emergency meeting yesterday of the CBI's Scottish Council, called because of the "strongest grass roots pressure" according to Mr. David Nickson the council's vice chairman.

CBI Budget plea, Page 6
Chemical industry worried, Page 6

Saudis expected to join Board of IMF

By David Bell

WASHINGTON, March 2.

SAUDI ARABIA is expected to have its own seat on the Board of the International Monetary Fund later this year.

By the time elections for the Board are held in September Saudi Arabia will have become the second largest contributor to the IMF, and will be entitled to its own directorship as of right.

But it was not clear until recently how the Saudis wished to exercise their right under the organisation of the Fund.

They could merely have taken over the directorship of the group of countries in which they now are. This would not have meant an increase in the 20 directorships.

But it is understoood that the Saudis have reached agreement with the Fund to get a new seat on the Board, and that the Board will accordingly be enlarged to accommodate a Saudi executive director.

The Americans, who have in the past objected to the expansion of the Board, have raised no objection this time.

It remains possible that between now and September the Saudis, who have tended very much to keep their own counsel on international monetary affairs, will decide that they would rather, after all, just take over the group in which they now are. But this is not now thought very likely.

One reason for the Saudi interest in a new seat is a dispute understood to have arisen between the Saudi Government and the executive director of the group to which the Saudis belong.

This group is led by Mr. Muhammad al Atrash, a Syrian, who has raised strong objections on the Board to the refusal of the Saudi Government to let him see the results of an IMF staff study of inflation in Saudi Arabia.

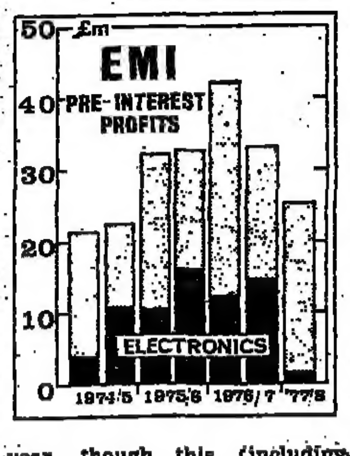
This study was commissioned by the Saudi Government, which, it is understood, then declined to let him see it.

If Saudi Arabia does get a new seat, it is expected that it will take part of the existing group, which includes Pakistan and many other Middle Eastern countries, with it. Alternatively there may be other realignments among delegations.

THE LEX COLUMN

Scanner in the works at EMI

Index fell 10.4 to 433.4



The collapse of EMI's scanner glamour has been amazingly swift and complete. The group's profits in electronics have almost disappeared in the first half of the year, reaching £1.3m. at the pre-interest level against £12.3m. The company has been in the painful position of having to invest heavily in the future of the scanner while the *market has been severely damaged* by U.S. government action and the competition has grown steadily more intense. What with the unfortunate commitment to update the early models sold to American customers, medical electronics has shown a loss. This has been aggravated by losses and write-offs of some £2m. resulting from the termination of EMI's Australian consumer electronics business, though there has been progress in defence and industrial electronics.

Nor is the scanner the only problem. In the U.S. Capitol has been caught in the crossfire between Warner and CBS, and an increasingly competitive trend has been apparent in the music business in most other territories. The common factor here appears to be a lack of top-calibre artists. Music sales would presumably respond to an improving consumer spending climate in major countries were that to develop, but in the meantime first-half profits from the music business are down by over 40 per cent. and show little immediate promise of improvement.

So the two major props of EMI's performance have been removed and the only two divisions—leisure and television—to have shown growth are also its smallest. The chances of an improvement in the second half rest upon the adequacy of cut-backs in EMI's scanner costs, the absence of the Australian losses and the apparent confidence of Capitol's management that it can do a little better than during the first six months. But EMI's shares, down 23p to 141p yesterday, may have to lean for some time on their yield (currently just over 10 per cent.).

Turner & Newall

Turner and Newall reckons that its half-time forecast of similar profits in the second half to those in the first six months was broadly correct, allowing for adverse currency movements. All the same, City analysts who had doubled up January-June's £24.3m. pre-tax were little impressed by an out-turn of £45.3m. for the full year, though this (including £1.4m. less financing costs from acquisitions) represents an advance of 28 per cent. compared with 1976. The reduction in the sterling value of overseas profits due to the rise in sterling over the year was £2.9m.

The sluggish second half trend (especially in Europe) has evidently continued into the current year. At least T and N is making progress in its plans to reduce its dependence on asbestos. and although after recent acquisitions the debt/equity ratio has risen, and will probably climb a little further in 1978, gearing remains moderate by the group's standards ahead of the 1976 rights issue. At 180p the shares yield 8.8 per cent. covered almost three times.

Dunford & Elliott

The spectacular shortfall on its bid-time profit forecast which was reported by Dunford and Elliot yesterday, raises some fundamental issues for the Takeover Panel. In December, 1976, Dunford said that its pre-tax profits for the year to October, 1977, would reach around £5m. compared with a loss of £1.1m. in 1975-76. This forecast, which was substantially in excess of market expectations, formed the key plank of its bitterly fought defence against the bid from Johnson and Firth Brown and it was later the basis for the agreed £15m. takeover by Lonrho in February, 1977. In the event profits emerge at just £1.7m.

Dunford can doubtless find some excuses, such as strikes among its major customers. But the fact is that the assumptions on which the forecast was based looked extremely optimistic right from the start. JFB's initial reaction was that the projection looked "incredible."

The assumptions included [...]cipation of detailed [...] increases on steel and a ma[...] increase in sales volume [...] on trends "recently [...] enced." This coincided w[...] period when customers [...] stockpiling ahead of a B[...] Steel price increase.

If Dunford had rem[...] independent its profit sho[...] could have given its ba[...] an opportunity to call in[...] term loans under the [...] some pretty tough agree[...] negotiated in December, [...] since Dunford has fallen [...] of the agreed interest [...] The fact that Lonrho to[...] over makes no difference [...] main issue which is that la[...] City organisations — M[...] Grenfell, Grindlay Bran[...] accountants Turquands [...] Mayhew — put their na[...] the forecast, and the [...] assumptions were exam[...] the two banks. What [...] Panel going to do about [...]

Royal Insurance

Royal Insurance's prof[...] 1977 are up from £78.[...] £134.9m. pre-tax, which [...] that its retentions for the[...] have soared to £50m. In [...] when the sterling va[...] premiums rose by only [...] this has been enough t[...] a rise of 4½ points to 45.[...] cent. in the solvency ma[...] based on year-end exch[...] rates.

A further substantial p[...] increase is likely in 1978. Royal is more confident [...] most about the prospects t[...] after. In addition, afte[...] third year of net disinvest[...] *it is far less exposed t[...]* vagaries of the U.K. e[...] market than it used to b[...] the group is going out o[...] way to scotch recent sugges[...] that its below average sol[...] margin makes a rights issu[...] evitable. On the contrar[...] states that it can live [...] easily within its existing fa[...]

Meanwhile it could well [...] out to have been the most p[...] able composite underwrit[...] 1977, following a swing [...] losses of £17.8m. to a prof[...] £16.3m. This has been bo[...] by a somewhat saucy treat[...] of those profits in Ca[...] (£4.8m.) which have to [...] passed back to policyhol[...] they have been deducted a[...] after tax stage, on the gro[...] that they have nothing p[...] with the way Royal run[...] business. Higher returns in [...] U.S. could increase this p[...] pre-tax profit by about £[...] and meanwhile the divi[...] yield of 7 per cent. is cov[...] just over three times.

Carter may retaliate in air row with U.K.

NEW YORK, March 2.

PRESIDENT Carter to-day held out the possibility that he might endorse a Civil Aeronautics Board recommendation to suspend British Caledonian flights from London to Houston, Texas, in retaliation for a U.K. veto on American airlines proposals for extending cheap transatlantic fares.

Although the President told a National Press Club lunch that he had not yet seen the Aeronautics Board recommendation, which was sent to the White House on Monday, he promised immediate action on the matter.

Answering a question on the deepening dispute over cheap fares between the U.K. and the U.S., he said that he did not think that Britain would deliberately violate th eAnglo-American Bermuda Two agreement but implied that specific decisions by the British Civil Aviation Authority might have done so.

Both the aeronautics board and some parts of the U.S. administration have been angered by the British aviation authority's veto of Braniff International's proposed fares for a new Dallas-Forth Worth to London service.

This was due to begin yesterday but its cancellation was forced by the aeronautics board who refused to allow Braniff to raise its fares to the level demanded by the U.K. authorities.

The aeronautics Board recommenadtion injects further tension into talks between the U.S. and U.K. governments which will start in Washington on Monday.

Although they were originally intended to cover just charter fares, the U.K. intends to broaden the discussion and to ask the U.S. to halt the introduction of any more cheap air fares on the North Atlantic until August, so that the impact of existing rates can be better assessed.

The U.S. intends to take a tough line in defence of its policy of lowering air fares.

British officials had expected some retaliatory action against British Caledonian following the Braniff impasse, but they maintain that the U.S. has no legal right under the Bermuda agreement to attack the airline in this way since it has done nothing to breach the agreement.

Britain and U.S. to probe tax on multinationals

BY DAVID FREUD

THE BRITISH and U.S. tax authorities have agreed to examine slected multinationals simultaneously, an arrangement that may lead to a substantial rise in many companies' tax bills.

The working arrangement, announced yesterday by Mr. Denzil Davies, Treasury Minister, in a Parliamentary written answer, is the first formal agreement under double-taxation conventions that have existed since the 1940s between the two countries.

While co-operation has always been possible in theory in the past, in practice the Inland Revenue and U.S. Internal Revenue Service have worked together only on isolated cases.

The new working arrangement is designed to prevent multinationals transferring tax-reducing liabilities from country to country to suit different accounting dates. The sums involved are estimated to run into hundred of millions of pounds.

The agreement with the U.S. is likely to be the precursor of similar arrangements with other countries.

Among the companies that may be affected are multinationals involved in extracting North Sea oil, some of which have been accused of transferring production profits to the U.S. to take advantage of that country's generous depletion allowances.

In yesterday's answer Mr. Davies said that under the arrangement "each country's tax authority will separately examine the affairs of taxpayers within its own jurisdiction but the tax authorities will co-ordinate their examination of important cases in order to make more efficient and effective use of their powers to exchange information.

"This will help them, for example, in considering the transfer prices adopted in transactions between affiliated companies in multinational groups."

The text of the working arrangement shows that the two tax authorities have agreed to *exchange information on "multinational* enterprises having intra-group transactions which may include arrangements involving tax-haven countries."

The factors involved in determining the selection of a case for simultaneous examination include the scale of a group's worldwide operations and the extent of intra-group transactions.

Copies of the text cannot be sent out but are available for inspection at the Inland Revenue library at Somerset House.

Views sought on City rules

BY MARGARET REID

DETAILS OF the City's proposed new voluntary supervisory body, the Council for the Securities Industry have been sent by the Bank of England to the various City associations, opening the way for wider consultation on the project.

The scheme envisages a new, broader self-regulatory organisation, which to a considerable extent would be built around the Stock Exchange's existing system for regulating quoted companies. It would embrace the City Take-over Panel as a disciplinary arm.

It is intended to announce the project publicly before the end of this month. The different associations, including those of the investing institutions and the banks, will now canvass their members' views as appropriate.

In the case of the Stock Exchange, its Council members are likely very soon to receive copies of the proposal.

The idea is that the projected Council for the Securities Industry will have not only a disciplinary arm in a form much like the Take-over Panel, but also a new rule-making body, which will be able to frame a code of conduct reaching beyond the hid field to cover new issues and other subjects.

Ahead of agreement on the proposals no decision has yet been made about a chairman for the new body. The appointment is likely to be made by the Governor of the Bank of England.

The name of Mr. Patrick Neill, QC, who is Warden of All Souls College, Oxford, a leading commercial barrister and a former chairman of the Bar Council, is one being much canvassed for the role in quarters close to those planning the scheme, however.

Mr. Neill is also the chairman-designate of the Press Council, where he will, later this year, succeed Lord Shawcross, a former Attorney-General who has been chairman of the Take-over Panel for nine years.

Were Mr. Neill to head the planned new securities industry council and perhaps also eventually the Take-over Panel, he would, in combining this role with that of heading the Press Council, be carrying out a joint task closely parallel to that now done by Lord Shawcross.

Lord Shawcross is also much discussed as a possible first head of the new council. He is a well-known figure, but at the age of 76, might be reluctant to shoulder the task, if he were willing to take it on, for a very lengthy period.

Mr. Neill is less known to the public and the City and, though much younger, already has substantial responsibilities. One question must be whether, if he were invited to do so, he could take on the further task of chairman of the securities industry council.

EEC draws up plans for new members

By David Buchan

BRUSSELS, March 2.

GREECE, Spain and Portugal should be given between five and ten years to adjust to the full Common Market régime.

This time-scale is suggested in an EEC Commission working paper which also gives the first estimate of the extra cost to the EEC budget of enlarging the Community—1bn. European units of account (£600m.).

The document prepared at the behest of the EEC's present nine member governments and likely to be approved officially by the Brussels Commission at the end of this month, is designed to gauge the impact and problems of accommodating the three Mediterranean applicant countries.

EEC officials insist that the proposals would not affect the pace or detail of individual negotiations. Greece, which applied for EEC entry in 1975, has been worried that the negotiations it is holding would be further protracted if they were linked with those of Spain or Portugal, which put in their EEC applications only last year.

The Commission paper considers that transition periods of more than 10 years, during which the new members would not apply full EEC rules, would lead to a "loss of cohesion."

In addition, the EEC would lose "the incentive to reform its structures." Mr. Roy Jenkins, president of the EEC Commission, is already known to want to use the occasion of enlargement to make the procedures of the Commission and the Council of Ministers more workable.

The working paper suggests that there should be only one Commissioner from each of the 12 member States. At present the four big countries, the U.K., France, Germany and Italy) provide two each.

It is also proposed that the Council of Ministers should take all but vital decisions concerning public order and public safety by majority vote, thus eliminating the now frequently invoked right of individual veto.

The Commission proposes that any new treaties of accession should have a commitment to maintain "pluralist democratic regimes" written into them.

Details, Page 2

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Rhodesia

trate on day-to-day administration of the country.

When it is unable to agree on measures, these will be forwarded to the executive. The Executive Council will apparently concentrate on implementing the settlement agreement.

In particular, this means drafting a detailed constitution, arranging for the recognition of voters and delimitation of constituencies, seeking international recognition and the lifting of economic sanctions, and trying to secure a ceasefire and end the five-year guerilla war.

To-day's agreement puts the final seal on last month's talks at which the four parties agreed an eight-point constitutional plan and also a "statement of intent," concerning the future composition and role of the country's security forces.

The present timetable is for a referendum of the country's 85,000 white voters, to be held in the latter half of the year—probably in August—to determine whether the detailed agreement (as distinct from the statements of intent) is acceptable to the *white electorate.*

Bishop Muzorewa will be flying to London this week-end for talks with Dr. David Owen, at the Foreign Secretary's invitation.

Post service aims at 2% profit

BY JOHN LLOYD

THE GOVERNMENT has re-established financial targets for the Post Office's postal business.

Mr. Eric Varley, Industry Secretary, told the Commons yesterday that the aim would be a profit level of 2 per cent. of turnover for the next two years.

For the financial year ending this month, Post Office forecasts suggest a profit of about £12m.—1 per cent. of a £1.2bn. turnover.

Last year the postal business achieved a 2 per cent. return on turnover, showing a profit of £24m. Before that it had made a loss each year since the Post Office ceased to be a Government department in 1969.

Initially, the postal business had a target return of 2 per cent. based on revenue account expenditure rather than on turnover. This lapsed in 1973 and was replaced by a general injunction to break even.

The target return for the telecommunications side is 6 per cent. on net assets. Posts has its return based on turnover because it is comparatively much less capital intensive.

Mr. Varley said in a written Parliamentary answer that the Posts target meant that postal prices would be set at the minimum level consistent with sensible financial management.

"It provides a margin over break-even, stimulus for continuing efficient management of the postal business and takes into account the determination of *the business to maintain the* existing quality of service and where possible improve it.

"Discussions are continuing with a view to identifying measures against which it will be possible to judge the performance of the postal business, both as regards productivity and quality of service."

Postal executives still face a big problem over productivity, which has tended to decline in recent years. The decline is thought to be an important factor in the low rate of return on the postal business.

Negotiations between the *Union of Post Office Workers* and the Post Office on a productivity agreement have been going on for some months, but no formula has yet been agreed.

Weather

U.K. TO-DAY

SUNNY periods. Rain in S.

London, S.E., Cent. S., S.W. England, Channel Is., S. Wales
Rain at first, then showers. Max: 9C (48F).

E. Anglia, Midlands, E., N.W., Cent. N. England, N. Wales
Rain spreading from S.W., showers later. Max: 9C (48F).

Lakes, I. of Man, N. Ireland
Showers, bright intervals; perhaps rain later. Max: 8C (46F).

N.E. England, Borders, Edinburgh, Dundee, Aberdeen
Mostly dry, sunny spells developing. Max: 7C (45F).

Rest of Scotland, Orkney, Shetland
Showers, sunny intervals. Max: 6-8C (43-46F).

Outlook: Sunny intervals; some rain in S.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Amsterdm.	F	10	50	Madrid	D	11	52
Athens	S	17	63	Manchstr.	R	8	46
Bahrain	S	22	72	Melbourne	C	17	63
Barcelona	C	16	61	Mexico C.	S	25	77
Beirut	S	20	68	Milan	C	9	48
Belfast	R	7	45	Montreal	S	−13	9
Belgrade	S	18	64	Moscow	C	1	34
Berlin	F	9	48	Munich	F	7	45
Birmghm.	C	7	45	Newcastle	F	7	45
Bristol	R	8	46	New Delhi	S	29	84
Brussels	C	10	50	New York	S	−2	28
Budapest	C	13	55	Oslo	Sl	1	34
B. Aires	S	29	84	Paris	C	9	48
Cairo	S	21	58	Perth	S	36	97
Cardiff	R	8	46	Prague	C	5	41
Chicago	Sn	−5	23	Reykjavik	F	−1	30
Cologne	F	11	52	Rio de J'o	S	31	88
Copnhagn.	C	3	37	Rome	S	15	59
Dublin	C	8	46	Singapore	S	29	84
Edinbrgh.	F	9	45	Stockholm	C	1	34
Frankfurt	F	11	52	Strasbrg.	F	11	52
Geneva	C	6	43	Sydney	S	26	79
Glasgow	C	8	46	Tehran	S	18	64
Helsinki	C	2	36	Tel Aviv	S	21	70
H. Kong	S	20	68	Tokyo	C	9	48
Jo'burg	C	22	72	Toronto	S	−9	16
Lisbon	C	16	61	Vienna	C	8	46
London	R	8	46	Warsaw	S	9	48
Luxembrg.	F	8	46	Zurich	F	8	46

HOLIDAY RESORTS

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Ajaccio	F	14	57	Jersey	R	7	45
Algiers	F	18	64	Las Plms.	S	20	68
Biarritz	C	15	59	Locarno	R	3	37
Blackpool	F	9	48	Majorca	S	16	61
Bordeaux	C	13	55	Malaga	F	17	63
Boulogne	R	7	45	Malta	C	14	57
Cape Town	S	23	73	Nairobi	S	23	73
Dubrovnik	S	13	55	Naples	F	14	57
Faro	C	16	61	Nice	R	13	55
Florence	F	14	57	Nicosia	S	21	70
Funchal	F	20	68	Oporto	C	15	59
Gibraltar	C	16	61	Salzburg	S	9	48
Guernsey	C	7	45	Tangier	C	16	61
Innsbruck	S	15	59	Tenerife	S	17	63
Inverness	F	9	48	Tunis	C	15	59
I. of Man	C	7	45	Valencia	C	16	61
Istanbul	S	17	63	Venice	C	11	52

S—Sunny. F—Fair. C—Cloudy. D—Drizzle. R—Rain. Sl—Sleet. Sn—Snow.

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